

DAILY REPORT

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JAPAN

Nakasone Obtains 'General Understanding' With PRC Official	C 1
Says Nakasone USSR Visit 'Absurd'	C 1
Soviet Journalists Stress Wish for Closer Ties	C 2
Reagan Decision on Cook Inlet Oil Exports Praised	C 2
Farm Talks Fail To Discuss Extra Grain Purchases	C 3
Forestry Product Talks With U.S. Held	C 3
Talks on Liberal Rules for Foreign Lawyers Stalled	C 3
\$200,000 in Humanitarian Aid Granted to SEV	C 4
Diet Committee Debate Over Defense Continues	C 4
Defense Secrecy Brings Boycott	C 5
KYODO Survey on JSP Cites Approval of Ichibaishi	C 5

NORTH KOREA

Reunification Conference in Geneva Closes	D 1
U.S. Withdrawal Urged	D 1
Letter to UN General Secretary	D 1
Appeal to Foreign Groups	D 2
Letter to Foreign Leaders	D 3
Ministry Secures Reserves of Natural Resources	D 3
Chinese Volunteers Commemoration Concludes	D 4
O Euk-yol Speaks	D 4
Kim Il-sung Hosts Banquet	D 10
Kang Song-san Banquet Address	D 11
Li Peng Speaks at Banquet	D 13
Wreath for Mao Anying Grave	D 16
Kim Il-sung Meets Sichuan Group	D 17
Gift Given to Kim Chong-il	D 17
Li Peng Gift to Kim Chong-il	D 17
Kaesong Welcome Rally	D 17
PRC Envoy Hosts Reception	D 18
Li Peng-Lai Group Departs	D 19
'Sangnyong-85' Military Drill in South Demanded	D 19

SOUTH KOREA

No Addresses U.S. Conservatives on Trade Friction	E 1
Flexible Trade Negotiations With U.S. Expected	E 2
Government Views U.S. Pressure, Market Opening	E 2
Government Emergency Measures for Album Exporters	E 3
Defendant Reveals Plan To Blow Up U.S. Center	E 3
[THE KOREA HERALD 29 Oct]	
Arrests, Illegal Activities of Procommunist Group	E 4

CAMBODIA

SPE Comments on Reagan's Address at UN
 Thai Violations in Week Ending 24 Oct Reported
 Provincial Representatives Address KPRP Congress
 Svay Rieng Delegate
 Kampong Speu Delegate
 Kamral Delegate
 Control Commission Member
 KPRP Members Gather To Celebrate Congress
 Meeting in Battambang
 Kampong Speu Meeting
 Nguon Neal Attends Meeting
 Information Ministry Meeting

E 1
 E 1
 E 2
 E 2
 E 2
 E 4
 E 5
 E 6
 E 8
 E 8
 E 8
 E 9
 E 9
 E 9

THAILAND

Prospects for Trade With Soviet Union Viewed
 U.S. Protectionism Cited [SIAM RAT 24 Oct]
 Soviet Notives Questioned [SIAM RAT 25 Oct]
 Labor Urges More U.S. Trade [THE NATION 28 Oct]
 Alleged Coup Plotters Plead Not Guilty
 [BANGKOK POST 26 Oct]
 Communists So Decimated They 'Can Never Recover'
 [MATICHON 25 Oct]

J 1
 J 1
 J 1
 J 2
 J 3
 J 4

VIETNAM

Foreign Ministry spokesman on Thai 'Slander'
 Thai Ambassador Told of Release of Fishermen
 U.S. Opposition to Afghan Revolution Noted
 CPV, Government Support Warsaw Pact Statement
 Council of State Communique on 28 Oct Session

E 1
 E 1
 E 2
 E 2
 E 3

PHILIPPINES

Marcos Holds Command Conference on Insurgency
 [METRO MANILA TIMES 27 Oct]
 Government Sources Cited on Marcos-Liault Talks
 [BUSINESS DAY 28 Oct]
 Castro Denies Armed Forces Demoralization
 [BUSINESS DAY 24 Oct]
 Ramos on New Combat Battalions, Insurgency
 [METRO MANILA TIMES 26 Oct]
 TIMES JOURNAL on Ramos' Insurgency Forecast [27 Oct]
 Former Sen Palaez Comments on U.S. Bases Issue
 [METRO MANILA TIMES 26 Oct]
 Columnist Views Bases Treaty Abrogation Issue
 [BULLETIN TODAY 26 Oct]
 METRO MANILA TIMES Welcomes New Law on Rallies [26 Oct]
 Marcos Approves 1986 Appropriations Bill
 [METRO MANILA TIMES 23 Oct]
 Marcos Orders Foreclosed Coconut Mills Sold
 [TIMES JOURNAL 26 Oct]
 Review Ordered for Proposed Revenue Code Change
 [BUSINESS DAY 24 Oct]

P 1
 P 2
 P 3
 P 3
 P 4
 P 5
 P 6
 P 7
 P 8
 P 9
 P 10

Economic Planners Expect Export Revenue Decline [APP]	P 10
Budget Minister on Expenditure-Inflation Relation [BULLETIN TODAY 23 Oct]	P 11
New Firms' Investment Reaches P1.6 Billion [TIMES JOURNAL 23 Oct]	P 12
Investments in Domestic Firms Drop 17 Percent [METRO MANILA TIMES 23 Oct]	P 12
Business Dissolutions, Reductions Reported [TIMES JOURNAL 24 Oct]	P 14
Monetary Authorities Move To Boost Liquidity [ANG PARAYAGANG MALAYA 21 Oct]	P 14
Escalante Investigators Cut Hearings Short	P 15

NAKASONE OBTAINS 'GENERAL UNDERSTANDING' WITH PRC

ON290611 Tokyo KYODO in English 0611 GMT 29 Oct 85

[Text] Tokyo, Oct. 29 KYODO -- Prime Minister Yasuhiro Nakasone said Tuesday he has obtained China's "general" understanding of his controversial visit to Tokyo's Yasukuni Shrine, which is dedicated to Japanese war dead, including war criminals. Speaking at a meeting with top advisers of the ruling Liberal-Democratic Party (LDP), Nakasone was quoted as saying: "I think I've got China's general understanding of the Yasukuni problem."

Nakasone went to the shrine on August 15, the 40th anniversary of the end of World War II. It was the first official visit to the shrine by a Japanese postwar premier and angered China and other Asian countries. In a rare public display of anti-Japanese sentiment, Chinese students staged demonstrations in protest against Nakasone's visit to the shrine. China also voiced concern about a possible resurgence of Japanese militarism. The Japanese Government ruled out such a possibility.

Nakasone, who is LDP president, also told the meeting that he and Chinese Premier Zhao Ziyang did not talk much about the problem when they met in New York last week. The two were there to attend the U.N. General Assembly meeting. Nakasone hosted the meeting of top LDP advisers to brief former prime ministers and senior officials on his New York trip and recent political developments.

OFFICIAL SAYS NAKASONE USSR VISIT 'ABSIUD'

ON290313 Tokyo KYODO in English 0308 GMT 29 Oct 85

[Text] Tokyo, Oct. 29 KYODO -- A senior Foreign Ministry official has criticized Prime Minister Yasuhiro Nakasone's diplomatic posture, describing his idea of visiting the Soviet Union next year as "absurd." "Japan's diplomacy toward the Soviet Union will be handicapped if the prime minister starts talking about a possible Soviet visit at this point," the official, who asked not to be named, said Monday night.

The prime minister has become well-known for his colorful and personal style of diplomacy. He announced in New York last week that he is studying the possibility of going to Moscow next year, and reiterated his intention to do so Monday afternoon at a meeting of cabinet members and leaders of the ruling Liberal-Democratic Party. Nakasone's overture comes after many years of frosty Japan-Soviet relations, the lack of temperature due chiefly to the territorial issue involving four Soviet-held islands off Hokkaido.

Foreign Ministry sources say the ministry view is that no quick solution to the territorial problem would come about even if the prime minister were to go to the Soviet Union. Instead, ministry officials say, steady diplomatic efforts are required to improve relations between Tokyo and Moscow. Soviet Foreign Ministry Eduard Shevardnadze is coming to Japan next January to reinstate regular meetings of Japanese and Soviet foreign ministers suspended since 1978, a visit the officials point to as vindication of the ministry approach.

Tokyo has long wanted a Soviet foreign minister to visit Japan to discuss a number of issues which, Japanese officials hope, would include the territorial issue. The Soviet Union maintains that it has no territorial dispute with Japan.

The Foreign Ministry Official said a Soviet visit by Nakasone would fail unless it achieved progress in talks on the territorial issue, and added, "it's unrealistic to think much would come out of it." Behind the ministry's bitter criticism of Nakasone's posture, say some analysts, lies the fact that the prime minister did not consult ministry officials before he made the New York announcement of his wish to visit Moscow.

SOVIET JOURNALISTS STRESS WISH FOR CLOSER TIES

04281203 Tokyo KYODO in English 1144 GMT 29 Oct 85

[Text] Tokyo, Oct. 28 KYODO -- A senior Soviet journalist indicated Monday that the Soviet Union wants to promote ties with Japan as part of the Kremlin's effort to modernize the Soviet economy. Nikolay I. Yefimov, first deputy editor-in-chief of the government newspaper *IZVESTIYA*, also insisted there is no obstacle blocking relations between the two countries. The statement, made in an interview in Tokyo with KYODO NEWS SERVICE, was at variance with Japan's stand that the Soviet occupation of northern territories claimed by Japan -- a group of islands off eastern Hokkaido -- stands in the way of better ties between the two countries.

Karen A. Khachaturov, vice president of the Soviet *NOVOSTI* NEWS AGENCY, who was also present at the interview, hinted strongly the Soviet Union is unlikely to yield any ground on the territorial issue during Soviet Foreign Minister Eduard Shevardnadze's visit to Tokyo next January. Both Yefimov and Khachaturov are currently in Tokyo to attend a conference of Japanese and Soviet journalists. Khachaturov said that while he understands Japan may raise the territorial issue during Shevardnadze's visit, Shevardnadze, in his position as a Politburo member, will be bound by party chief Mikhail Gorbachev's stand on the issue.

In a meeting with Japan Socialist Party Chairman Masashi Ishibashi in Moscow in September, Gorbachev repeated the Soviet stand the Soviet Union has no territorial issue with Japan.

Khachaturov was also critical of U.S. President Ronald Reagan's proposal for resolving regional conflicts. He said Reagan was "hypocritical" in asking the Soviet Union to join in U.S. efforts to resolve conflicts in the five nations he named -- Kampuchea, Afghanistan, Ethiopia, Angola and Nicaragua -- while trying to interfere in the domestic affairs of these countries.

REAGAN DECISION ON COOK INLET OIL EXPORTS PRAISED

04290333 Tokyo KYODO in English 0332 GMT 29 Oct 85

[Text] Tokyo, Oct. 29 KYODO -- International Trade and Industry Minister Keijiro Murata Tuesday hailed U.S. President Ronald Reagan's decision saying it will eventually lead to a tangible reduct in Japan's trade surplus with the U.S. Murata said he hoped the decision will be followed by a similar move concerning Alaska north slope oil.

He said while Cook inlet oil imports will be worth only about 1.1 billion yen yearly, it is significant nonetheless as it will be the first oil imports from the United States. Murata said the Natural Resources and Energy Agency is studying the terms and conditions of the oil imports.

FARM TALKS FAIL TO DISCUSS EXTRA GRAIN PURCHASES

ON281309 Tokyo KYODO in English 1240 GMT 28 Oct 85

[Text] Tokyo, Oct. 28 KYODO -- The idea of Japan buying U.S. grain for supply to developing countries did not come up during Japan-U.S. talks here Monday on trade in farm products, Foreign Ministry sources said. However, they said both sides re-confirmed that the United States is the most reliable supplier of farm products to Japan. They agreed to continue to develop mutually beneficial farm trade. There had been speculation that the U.S. might ask Japan to buy more grain for donation to needy countries.

At the annual talks, Japan assured the U.S. of its intention of continuing stable grain imports from the U.S. although American grain is losing price competitiveness because of a strong dollar, the sources said. Japan said that although China and Argentina are stepping up their grain exports, U.S. grain has the advantage of stable supply. The U.S. also said that its grain is little affected by price fluctuations because of sufficient stocks, the sources said.

Japan was represented at the talks by Yasuo Goto, director general of the Economic Affairs Bureau of the Agriculture, Forestry and Fisheries Ministry, and the U.S. by Daniel Amstutz, undersecretary of agriculture.

FORESTRY PRODUCT TALKS WITH U.S. HELD

ON290439 Tokyo KYODO in English 0429 GMT 29 Oct 85

[Text] Tokyo, Oct. 29 KYODO -- Japan and the United States held a sub-cabinet level one-day meeting in Tokyo Tuesday to discuss liberalization of Japan's market to U.S. forest products. The two countries are expected to touch on problems concerning Japan's tariffs on plywood and paper, simplification of certification procedures for forest products and improvement of Japan's distribution system, government officials said. Japan's Ministry of Agriculture, Forestry and Fisheries considers the problems almost solved, while the U.S. may urge Japan to advance a reduction of tariffs on plywood, the officials said.

TALKS ON LIBERAL RULES FOR FOREIGN LAWYERS STALLED

ON281319 Tokyo KYODO in English 1250 GMT 28 Oct 85

[Text] Tokyo, Oct. 28 KYODO -- A second round of talks between Japanese and U.S. officials on liberalizing foreign lawyers' practice in Japan ended in deadlock Monday, Japanese officials said. The two sides agreed, however, to meet again for a third round of talks in Tokyo in mid-November, they said.

The Americans asked for a larger measure of liberalization but Japanese officials were reluctant to comply, although they expressed hopes for an early resolution of the issue, the officials said. The Americans said that some American lawyers are considering filing an official complaint under the U.S. 1974 Trade Act about what they regard as a restrictive practice by Japan, they said.

Under a draft prepared by the Japan Federation of Bar Associations (JFBA), foreign lawyers would be limited to practice in Japan under the supervision of the JFBA. Also, foreign lawyers would not be allowed to hire Japanese lawyers nor enter into partnership with Japanese lawyers.

The Japanese Government has used the JFBA proposal as the basis for negotiations with the United States.

But American negotiators have criticized the proposal as too restrictive. The proposal to allow foreign lawyers to practice in Japan was part of the government's action program announced July 30 aimed at further liberalizing Japanese markets.

\$200,000 IN HUMANITARIAN AID GRANTED TO SVR

ON290017 Tokyo KYODO in English 0003 GMT 29 Oct 85

[Text] Tokyo, Oct. 29 KYODO -- Japan has decided to grant 200,000 dollars to Vietnam to help it recover from typhoon and flood damage that killed some 800 people. The decision to provide this humanitarian assistance was made at a cabinet ministers meeting Tuesday, a spokesman said. Japan has suspended economic assistance to Vietnam since its invasion of Kampuchea in 1978. This policy remains unchanged, he said.

DEFT COMMITTEE DEBATE OVER DEFENSE CONTINUES

ON290619 Tokyo KYODO in English 0452 GMT 29 Oct 85

[Text] Tokyo, Oct. 29 KYODO -- Defense issues dominated debates in the lower house Budget Committee Tuesday for the second day, with the government and the opposition Komeito Party involved in bitter exchange over Japan's basic defense posture.

Taking the committee floor in the morning session, Komeito Dietman Yuichi Ichikawa accused Prime Minister Yasuhiro Nakasone of harboring intentions of stepping beyond the government's own commitment of limiting Japan's defense capability to "repulsing a small-scale invasion." Referring to statements attributed to Nakasone and other former Defense Agency officials, Ichikawa said the government was not really thinking of repulsing a small-scale invasion in planning for the defense of Japan but rather of a full-scale war that would involve the superpowers.

In response, Nakasone reassured the Budget Committee that the government has no such intention. The prime minister said Japan's basic defense policy remains one of having the capacity to repulse a small-scale invasion while seeking U.S. military help by invoking the Japan-U.S. security pact.

Also, Nakasone denied a statement by Ichikawa that he had issued orders to remove the so-called "1 percent ceiling" limiting defense spending to within 1 percent of the nation's gross national product. Nakasone said he had asked Shin Kanemaru, secretary general of the ruling Liberal-Democratic Party, to sound out party consensus over the government's defense buildup plan but not on abolition of the "1 percent rule." The defense buildup program was approved by the Nakasone cabinet last September, and at the time press reports attributed to senior LDP sources said that Nakasone had also wanted to remove the "1 percent rule" in order to give the government a free hand in defense spending.

The Budget Committee provides the principal forum for opposition parties to grill the government on major policies.

Meanwhile, the Defense Agency Tuesday released a summary of topics covered in a classified document setting out Japan's long-term defense plan but refused to disclose the full contents of the document on security grounds. A senior agency official outlined the document to Shun Oide, a Socialist Budget Committee member, who sought the release of document and other defense materials in the Budget Committee debates Monday. Oide, however, continued to press for the release of the documents and refused to carry on his interpellations until the government gives a satisfactory answer.

Defense Secrecy Brings Boycott

CW280941 Tokyo KYODO in English 0930 GMT 28 Oct 85

[Text] Tokyo, Oct. 28 KYODO -- The government Monday refused to disclose three defense documents on grounds of security, triggering a boycott of Diet deliberation by members of the opposition Japan Socialist Party (JSP).

In pressing for the release of the documents at the lower house Budget Committee, Socialist Shun Oide argued that they are indispensable to clarify government thinking in the newly-adopted defense buildup program. Oide, the JSP's principal defense expert, also challenged the government on the grounds that the Diet, as the nation's lawmaking body, has the right to examine the documents under the principle of civilian control over the Armed Forces. The three documents sought by Oide were the long-term and mid-term versions of military estimates prepared by the chairman of the joint chiefs staff as well as the U.S.-Japan Joint Military Operation Plan.

Defense Agency Chief Koichi Kato rejected Oide's requests, saying publication of the defense documents would be like "showing one's hand" to the enemy. The U.S.-Japan joint military plan is only known to "the very top" officials within the Defense Agency, Kato said. Kato also told the House of Representatives Budget Committee that disclosure of either of the military estimate plans would jeopardize defense plans as they would reveal the thinking behind Japan's defense capabilities.

Oide then refused to proceed with his interpellations, triggering a stoppage in the Budget Committee proceedings. The Budget Committee had resumed business Monday after a week-long break due to Prime Minister Yasuhiro Nakasone's trip to New York to attend the United Nations General Assembly. However, in a conciliatory gesture to breaking the deadlock, Kato promised to study Oide's request and determine whether the Defense Agency can release a procedural outline on how the documents had been formulated.

During Monday's budget debate, Seiki Nishihiro, the chief of the Defense Agency's Defense Bureau, defended the government decision to add 50 P-3C antisubmarine patrol aircraft to an existing fleet of 49 for the defense of Japan's territorial waters and sea-lanes. Nishihiro said a 100-plane capability is necessary in order to cope with the increased power and range of foreign submarines operating around Japan. Nishihiro was answering Oide's question on why Japan needs 100 P-3Cs whereas the United States has deployed 36 such aircraft in the Asia-Pacific region. Oide suggested that the government's P-3C procurement plan was aimed at taking over the U.S.' defense role in the western Pacific so that the Americans can transfer military forces to the Indian Ocean.

KYODO SURVEY ON JSP CITES APPROVAL OF ISHIBASHI

CW261331 Tokyo KYODO in English 1138 GMT 26 Oct 85

[Text] Tokyo, Oct. 26 KYODO -- Masashi Ishibashi, chairman of the No. 1 opposition party, the Japan Socialist Party (JSP), has earned the broad approval of Socialist dietmen during his first term in office, a survey by KYODO NEWS SERVICE shows. Ishibashi, who is due to stand for reelection at the party's conference in December on completing two years as leader, has stressed the need for more realistic policies and for the creation of the image of a "new JSP."

His performance was rated as "tolerable" by 74 percent of Socialist dietmen who replied to the survey questionnaire, while 7 percent highly valued the shift to a more realistic party style. No progress in the matter was seen by 18 percent, with 1 percent replying "don't know."

These are among the findings of a survey which KYODO conducted October 14-19. KYODO's survey sought opinions on party policy and major problems among the parliamentarians of the JSP, which marks its 40th birthday on November 2. Of the 146 Socialist dietmen questioned, 143 (91.7 percent) replied.

On the maintenance of the Self-Defense Forces, 1 percent expressed unconditional support and 26 percent approved of them "for the present," while 23 percent opposed. The biggest group, 49 percent, though accepting the current SDF presence, said they want a gradual disbandment. The Japan-U.S. security treaty was approved unconditionally by one percent and "for the present" by 16 percent, rejected it. [sentence as received] While expressing "a realistic recognition" of the treaty, 44 percent hoped to see it scrapped in the future. Of those who "approved" of the treaty, 79 percent wanted it revised so as to reflect a more Japanese stance. Japan's policy of keeping defense spending within 1 percent of gross national product was upheld by 96 percent.

Asked whether the JSP should approve of the building of atomic power stations, 31 percent said they opposed for reasons of safety. Twenty-one percent said they approved of the existing atomic power stations, but opposed more construction of such stations. Approval because of energy needs came from 8 percent, while various other positions were voiced by 40 percent. This shows the JSP is still divided on whether to approve of nuclear power stations.

On a draft "new declaration," or a proposed new party platform, which was approved by a subcommittee of the Ishibashi leadership in June, 76 percent favored and 15 percent opposed with 9 percent "don't know." The draft "declaration" appears to be designed to turn the JSP into a party deep-rooted among the people by rejecting the socialism of the Soviet Union and its East European allies. The declaration characterizes the JSP as a national party based on various strata of society instead of a workers' "class party." This has been the main controversy contested between rightwingers and leftwingers in the JSP since the birth of the party 40 years ago. A decision on whether to adopt the declaration is expected to be made by the party convention scheduled for December. The KYODO survey found that 63 percent of JSP dietmen regard the party as one which represents all working people and 30 percent defined the JSP as a national party. Eight percent saw it as the party of the masses, while 7 percent said the JSP is a party of joint struggle.

The survey found 17 percent think the JSP should strive to become a single government party while 73 percent favored a coalition government. Queried about the probable political position of the JSP from the second half of 1980s to the early 1990s, 21 percent predicted it will remain in opposition. But 64 percent saw the possibility for a moderately reformist coalition government against the now ruling Liberal-Democratic Party.

Analysts say the KYODO survey of Socialist dietmen's opinions revealed the deep-rooted gap in views between the rightwingers and leftwingers. At the same time, the analysts say, the survey shows an increasing tempo in the shift among the Socialists toward a more realistic policy position.

REUNIFICATION CONFERENCE IN GENEVA CLOSES

U.S. Withdrawal Urged

SK290527 Pyongyang KCNA in English 0455 GMT 29 Oct 85

[Text] Geneva October 27 (KCNA) -- The International Conference for Support to Peace and Reunification of Korea closed in Geneva with success on October 27. Following the previous day, a number of European political and public figures took the floor on October 27. Pointing out that the U.S. imperialists have been occupying South Korea over the past 40 years, intensifying war provocation moves and splitist maneuvers, they strongly demanded the withdrawal of the U.S. imperialist aggression forces from South Korea. Voicing support to the proposals of the DPRK Government for a peaceful settlement of the Korean question and its propositions for the reunification of the country, the speakers manifested firm solidarity with the Korean people in the cause of reunification. They appealed to the political and public figures of all lands to work out detailed action plans for peace in Korea and her reunification and launch into a powerful international solidarity movement.

The meeting adopted a letter to the heads of state and government of all countries of the world, an appeal to the parliaments, political parties and public organisations of all countries of the world and a letter to the United Nations secretary general and an action program. The action program calls for actively building up public opinion in the spirit of the conference and having concrete measures taken at the European Parliament and council and at the parliament of each European country on the basis of the documents adopted at the conference.

The action program stresses the need to induce the European countries to establish or develop relations with the Democratic People's Republic of Korea and the political, public and cultural organisations and trade unions to be active in such a manner as to promote negotiation between the parties concerned for the reunification of Korea. The action program calls for a joint action for making the United Nations implement the resolution adopted at its 30th General Assembly and efforts of each country to get the 1988 Olympic Games held in the spirit of Olympiad and the peaceloving spirit. In this connection, the program says: The conference holds that the 1988 Olympic Games should be cosponsored by the North and the South of Korea, and Korea should send a single team to it.

A closing address was made at the conference by Roger Dafflon, member of the Political Bureau of the Central Committee of the Workers' Party of Switzerland and administrative councillor of Geneva. He stated that the international conference would carry weighty importance in easing the tensions created on the Korean peninsula, guaranteeing peace and security in Korea and Asia and the rest of the world and promoting the independent and peaceful reunification of Korea.

Letter to UN General Secretary

SK290528 Pyongyang KCNA in English 0503 GMT 29 Oct 85

[Text] Geneva October 27 (KCNA) -- A letter to De Mellar, secretary general of the United Nations, was adopted on October 27 at the international conference for support to peace and reunification of Korea held in Geneva.

The letter says: The attendants of the conference discussed ways for easing tension in Korea and, furthermore, completely removing it, dispelling the danger of a nuclear war and contributing to the realisation of the peaceful reunification, the desire of the entire Korean people, and have the honor of informing you of the results, requesting your deep attention to the developments today.

The attendants of the conference think that primary efforts should be directed to putting an end to the military confrontation between the North and the South of Korea by terminating the foreign troops' presence in South Korea, the main factor of confrontation and division. The attendants consider that the proposal for tripartite talks involving the Democratic People's Republic of Korea, the U.S.A. and the South Korean authorities is a realistic proposal according with the resolution which was adopted at the 30th Session of the United Nations General Assembly.

The attendants hope you to exercise your high authority and contribute to realizing tripartite talks which would open a favorable phase for a durable peace in Korea and her peaceful reunification in conformity with the desire of the people who treasure world peace. The attendants believe that you will show interest in the questions discussed at the Geneva International Conference for Support to Peace and Reunification of Korea.

Appeal to Foreign Groups

SK290530 Pyongyang KCNA in English 0510 GNT 29 Oct 85

[Text] Geneva October 27 (KCNA) -- An appeal to the parliaments, political parties and public organisations of all countries of the world was adopted on October 27 at the International Conference for Support to Peace and Reunification of Korea held in Geneva. Noting that it is a very important question to remove the danger of war and guarantee a durable peace in Korea, the appeal says: For a peaceful solution of the Korean question the United States must withdraw its troops from South Korea and stop interfering in the internal affairs of Korea. Then conditions will be created for realizing peaceful reunification by means of dialogue and negotiation between the North and the South.

The attendants of the conference consider that the proposal for tripartite talks involving the DPRK, the U.S.A. and South Korea put forward by the Democratic People's Republic of Korea in January 1984 is a most realistic way of averting the danger of war and guaranteeing a durable peace. The attendants of the conference appeal to the parliaments, political parties and public organisations of all countries of the world to make efforts for the realisation of the tripartite talks. Affirmatively appraising the dialogue which is going on between the North and the South of Korea, the attendants of the conference hope that this dialogue will develop to a higher level. The attendants of the conference consider that the primary attention should be paid at the North-South parliamentary talks to the publication of a joint declaration of non-aggression between the North and South and to the solution of other questions conducive to the promotion of national reconciliation and trust and relaxation on tension.

And the attendants of the conference consider that to hold the forthcoming Olympic Games as all-Korea games would be helpful to the promotion of the reunification of Korea. The attendants of the conference believe that all the justice- and peace-loving forces will more vigorously wage the international solidarity movement to support the Korean people's desire for peace in the country and its peaceful reunification and thereby make a great contribution to the removal of the danger of a nuclear war.

Letter to Foreign Leaders

SK290543 Pyongyang KCNA in English 0525 GMT 29 Oct 85

[Text] Geneva October 27 (KCNA) -- A letter to the heads of state and government of all countries of the world was adopted on October 27 at the International Conference for Support to Peace and Reunification of Korea which was held in Geneva. Noting that Korea still remains in a state of artificial division, though 40 years have passed since the end of the Second World War, the letter says: The presence of foreign forces in South Korea, continued arms buildup and military exercises staged on a massive scale with the participation of foreign troops armed with ultra-modern military equipment are fraught with the danger of a mere incident triggering off a nuclear war. This compels us to think that if a new war broke out in the region, it would inevitably spread beyond the boundary of the Korean peninsula and become a danger to the whole international community.

The attendants of the conference deem it the sense of obligation of the leaders of all countries to their peoples and entire mankind to do their utmost for decisive measures to halt such developments, achieve a durable peace on the Korean peninsula and defend it. The attendants of the conference consider that the basic way for this is a peaceful reunification of Korea and, to this end, preconditions for a peaceful reunification should be created in accordance with the resolution of the 30th Session of the United Nations General Assembly. We think these preconditions are the withdrawal of foreign forces, replacement of the Armistice Agreement signed between the Democratic People's Republic of Korea and the United States of America in 1953 with a peace agreement and adoption of a declaration of non-aggression between the North and the South of Korea. Then, the Korean people would be able to solve the question of national reunification in a peaceful way without any outside interference.

The attendants of the conference affirmatively estimated the DPRK's proposal for tripartite talks involving the DPRK, the USA and South Korea. Judging from the fact that the United States had already suggested such talks, the tripartite talks might be opened at an earlier date. The attendants of the conference call upon the parties concerned to accept this proposal aimed at signing a peace agreement between the DPRK and the USA and adopting a non-aggression declaration between the North and the South of Korea. We are glad over the resumption of the talks between North and South of Korea, and think that if the forthcoming Olympic Games were co-sponsored by the North and South, it would open a favourable phase for the reunification. In the belief that your efforts will make effective contributions to averting the danger of a new war in Korea, guaranteeing peace and security in Korea and, furthermore, in the world and solving the Korean question in a peaceful way, we express high considerations to your excellencies.

MINISTRY SECURES RESERVES OF NATURAL RESOURCES

SK261052 Pyongyang KCNA in English 1038 GMT 26 Oct 85

[Text] Pyongyang October 26 (KCNA) -- The geological prospecting teams under the Ministry of Natural Resources Development have secured many reserves for ore and coal production such as coal, iron, lead, zinc, copper, etc. in various areas including Anju, Kondok and Ryanggang Province this year. In the last five years alone, 34 reserves have been provided for natural resources development. Among them, more than 10 coal and ore mines have already been developed. In this period, the plan for securing main ore reserves has been overfulfilled at 119 per cent on an annual average. The members of the prospecting teams are striving to prospect new ores and secure more reserves of coal, iron, non-ferrous metal ores, etc.

CHINESE VOLUNTEERS COMMEMORATION CONCLUDES

O Kuk-yol Speaks

KA270010 Pyongyang Domestic Service in Korean 0900 GMT 24 Oct 85

[Speech by O Kuk-yol, member of the WPK Central Committee Political Bureau and chief of the KPA General staff, at a meeting held at the 8 February House of Culture on 24 October to mark the 35th anniversary of the participation of the Chinese People's Volunteers in the Korean War -- recorded]

[Text] Members of the delegation of the Chinese party and government led by Comrade Li Peng, members of a friendship delegation of the Chinese people led by Comrade Yang Shengwu, members of a delegation of the former Chinese People's Volunteers [CPV] led by Comrade Liu Zhenhua, kind Chinese comrades and comrades:

Today we greet the 35th anniversary of the participation of the CPV on the Korean front line at a time when the great Korea-China friendship, which has a long historical tradition and has further blossomed and developed with the passage of time. Availing myself of this significant opportunity and occasion, and on behalf of the Korean people and the officers and men of the KPA, I, first of all extend warm and fraternal greetings to the fraternal Chinese people, the officers and men of the former CPV, and commanders and soldiers of the Chinese People's Liberation Army [PLA]. [applause]

To commemorate the 35th anniversary of the participation of the CPV on the Korean front line together with our people, many delegations have arrived in our country from China, a fraternal neighbor country, and intimate Chinese comrades are sitting together with us, making the 35th anniversary of the participation of the CPV on the Korean front line much more significant. On behalf of the WPK Central Committee and the government of the Republic, I warmly welcome the members of Chinese delegations, including a delegation of the Chinese party and government led by Li Peng, member of the CPC Central Committee Political Bureau, secretary of the Secretariat of the party Central Committee, and vice premier of the State Council; a friendship delegation of the Chinese people led by Comrade Yang Shengwu, vice chairman of the National Committee of the Chinese People's Political Consultative Conference; and a delegation of the former CPV led by Comrade Liu Zhenhua, political commissar of the Shenyang Military Region. [applause]

Comrades, 35 years ago the U.S. imperialists provoked a piratic, aggressive war against the Korean people with the vicious aim of fulfilling a wild desire to conquer the world by strangling the revolutionary forces in Asia. The 3-year war, which the U.S. imperialists forced upon us, was a decisive war in which we stood at the crossroads determining whether we could safeguard the independence of our fatherland and the honor of the people, or whether we would become the colonial slaves of the imperialists, and was a most grim trial for our republic and people. In an attempt to exterminate our republic in its initial stage, the U.S. imperialists desparately encircled down upon us by mobilizing their vast Armed Forces and troops from countries that followed the U.S. imperialists.

During the grim period of the war, when the fatherland and people faced great danger, the great leader Comrade Kim Il-sung, under the slogan of making everything serve the realization of victory in the war, called the entire party, the entire army, and all the people to the sacred war waged to annihilate the enemy. Our people and the officers and men of our People's Army rose as one, responding to the call of the party and the leader, and struggled heroically.

During the most grim period of our people's difficult and arduous struggle against the allied imperialist forces, which were superior numerically and technically, the frateral Chinese people, despite the difficult situation they faced shortly after achieving victory in the people's revolution, organized a volunteer army with their excellent sons and daughters under the banner calling for resisting U.S. aggression, for aiding Korea, and for safeguarding families and the country, with a firm will to share life and death and seal and woe together with the Korean people, and sent this army to the Korean front line. The participation of the CPV on the Korean front line was disinterested revolutionary support for the Korean people from the Chinese people, and was the sign of close and militant ties between the peoples of Korea and China in achieving the cause of protecting peace in Asia and the world. [applause]

The participation of the CPV on the Korean front line, which showed the Chinese people's revolutionary fidelity, greatly encouraged our people and the People's Army and made the war situation in Korea decisively favorable to us. [applause] Having rushed to the Korean front line, the CPV smashed the enemy's desperate offensive throughout the entire front line by carrying out close and cooperative tactical operations together with the KPA, and continuously dealt serious and annihilating blows at the enemy. The courageous warriors of the CPV sincerely aided our people and fully displayed the noble trait of international warriors under difficult circumstances in accordance with the call of Comrade Mao Zedong and the CPC to love the Korean people, to respect their customs, and to value even a single mountain and bridge and a tree and grass in Korea. [applause]

The courageous warriors of the CPV heroically struggled and aided the struggle of our people with blood by displaying matchless courage and the spirit of devotion, saying that beloved Korea did not differ from their hometowns and fatherland and that, even though the enemy's shells might take their lives, these shells should not take the Korean brothers. [applause]

Having participated on the Korean front line, the CPV attained brilliant military achievements, through close and cooperative tactical operations with our KPA troops, in encircling and annihilating the enemy's vast forces in various areas, including the area along the Chongchon River and Nanjin Lake and the areas of Tanggu and Hyumbi. Having occupied the Sanggap ridge, the courageous warriors of the CPV fought like a phoenix with only two company-size forces and courageously repelled the attack of enemy forces, an enemy that perversely swooped down on them like a wave, firing guns and dropping bombs, and mobilizing four divisions, more than 100 guns, more than 100 aircraft, and many tanks. Thus, they thwarted the enemy's strategy by defending the hill to the end and greatly contributed to successfully carrying out overall tactical operations.

Indeed, the courageous warriors of the CPV performed immortal feats by displaying mass heroism in the struggle to annihilate the U.S. imperialist aggressors. In the process, many heroic battalions, companies, and platoons and heroic and exemplary military personnel emerged. [applause] Many heroic warriors of the volunteers, including heroes Sun Jiguang, who opened the path of an onslaught for his unit by blocking the enemy's gun muzzles with his breast, which seethed with youthful blood; Sun Zhanyuan, who killed enemies en-masse by rushing the enemy position when ammunition was in short supply; Yang Gensi, who foiled the enemy's attack by rushing toward an advancing tank, carrying explosives in his bosom; Comrade Luo Shengjian, an international martyr; and Comrades Heo Anying, (Shi Tuanyu), (Heo Suyan), and Tang Liandi. On behalf of all the Korean people and the officers and men of the People's Army, I pay my noble respects to the martyrs of the CPV, who courageously struggled in the sacred war to support our people's just cause of opposing the U.S. imperialist aggressors by sacrificing their youthful lives. [applause]

The militant feats and achievements performed and attained by the CPV in the Korean war will be told forever, along with the history of the great fatherland liberation war of the Korean people. [applause]

The beautiful custom with regard to militant friendship and fraternal and mutual cooperation cultivated with blood between the peoples and armies of Korea and China and demonstrated during the Korean War is a living example of proletarian internationalism. During the fierce and gruesome period of war disasters, our people carried out the work of aiding the CPV as a pan-national movement in accordance with the great leader Comrade Kim Il-sung's teachings. Our people valued and loved the courageous warriors of the volunteer army like their blood kin; aided the transport of ammunition and food for the volunteer army by visiting the front line and the rear areas, going through showers of bullets; and treated wounded soldiers with sincerity.

The legendary fine episodes which have flowered between the peoples and armies of Korea and China through a single road of struggle against the joint enemy will forever be kept in the memories of the peoples of our two countries. [applause] Amid the positive support of the fraternal Chinese people and the support and encouragement of the peoples of all socialist countries and the world's peace-loving peoples, the Korean people finally defeated the U.S. imperialist aggressors, which had been proudly deemed as the strongest in the world, and attained the historic victory in the 3-year war. [applause]

The victory of the Korean and Chinese peoples in the Korean war is a victory of the revolutionary peoples against the imperialist reactionary forces and a victory of the revolutionary armies against the imperialist aggression forces. [applause] By attaining a great victory in the Fatherland Liberation War fought shoulder to shoulder with the Chinese brothers, our people honorably defended the freedom in and the independence of the fatherland, strongly defended the Far East socialist outpost; and protected peace and security in Asia and the world as a whole. [applause]

The CPV fighters sincerely helped our people in postwar rehabilitation and construction right after gunfire ceased roaring in Korea. They positively participated in the projects of restoring and building houses, schools, official facilities, plants, railway, and bridges under the slogan of "Let us do something better for the Korean people," and helped the Korean people with the construction of irrigation facilities, river banks, and reservoirs. Indeed, mountains and fields of Korea bear marks of precious blood and sweat shed by the CPV fighters. Our people will always remember them. [applause]

Comrades: The entry of the CPV into the Korean war further strengthened the militant friendship and fraternal unity between the Korean and Chinese peoples and recorded a shining chapter in the history of Korea-China friendship. The respected leader Comrade Kim Il-sung has taught: The Korean and Chinese peoples are old revolutionary comrades-in-arms and class brothers who have formed militant friendship with blood in the strenuous struggle against the joint enemy.

Korea and China are close neighbors linked by the same river and mountains, and Korea-China friendship has long and deep historical roots. When the imperialist powers were competing for colonial exploitation and the expansion of the sphere of their influence in the East, both Korea and China became victims of the imperialist aggressors and the peoples of the two countries bound their destinies into one in the joint struggle against them. The communists and peoples of Korea and China fought shoulder to shoulder with each other in China and Korea, pulling through trials and fighting bloody battles side by side against the imperialist aggressors, and fought jointly before and after seizing power.

In this process, the peoples of the two countries have shared both joy and sorrow and have formed mouth-and-teeth relations which cannot be severed and blood relations which cannot be cut. Indeed, the Korean and Chinese peoples are old comrades-in-arms who have fought shoulder to shoulder for a long time, devoting blood and lives to each other on the front of the common struggle; genuine class brothers rallied firmly for the commonness of their ideas and goals; and reliable allies who are promoting friendship, cooperation, and mutual aid on the principles of complete equality and mutual respect. [applause] Underlying this kindred bond uniting the Korean and Chinese peoples firmly with the same destiny are deep comradely trust and a revolutionary sense of obligation between the leaders of the two countries. This firmly guarantees the indestructibility of Korea-China friendship. [applause]

From the day he embarked on the road of leading the Korean revolution, the great leader Comrade Kim Il-sung valued the solidarity with the Chinese revolution and presented the strengthening of the militant friendship and unity with the Chinese people as a noble internationalist duty facing the Korean communists and people. Also, he presented an outstanding policy of forming an anti-Japanese united front of the Korean and Chinese peoples and embodied this policy brilliantly throughout the anti-Japanese revolutionary struggle.

Even after our national liberation, the great leader presented as a consistent policy of our party and the government of the republic strengthening the proletarian internationalist friendship and unity with the Chinese people, our fraternal neighbor, to mutually support and cooperate, saw to it that this policy was implemented brilliantly and established deep friendship with the leaders of the Chinese party and state.

Korea-China friendship, which has been consolidated and developed on the basis of the particularly profound friendly relations and the noble revolutionary sense of obligation established between the great leader of our people Comrade Kim Il-sung and the great leader of the Chinese people Comrade Mao Zedong, respected Comrades Zhou Enlai and Deng Xiaoping, is now in bloom more beautifully through the visits and contacts between the leaders of the two countries. The visits to China in recent years by the great leader Comrade Kim Il-sung and dear Comrade Kim Chong-il and the visits to our country by respected Comrades Hu Yaobang and Deng Xiaoping were historical events, which have laid an epochal milestone in the chronicles of Korea-China friendship and brought the relations of traditional friendship between the parties and peoples of the two countries to a new higher stage. [applause]

Great Korea-China friendship, which has been sealed in blood in the same trench in the struggle against imperialism, fully demonstrated its vigorous vitality, and withstood all trials of history, will be everlasting and immutable. [applause] While the Korea-China friendship is being vigorously strengthened and developed without interruption along an upswing line, the cause of socialist construction is being carried out successfully in the two countries. The revolutionary cause of the Chinese people is now advancing dynamically on a new stage of development. The Chinese people, who are wise and brave, have a long history and brilliant culture, and the CPC is a great party with glorious traditions. [applause]

The Chinese people, who won a victory for the people's revolution under the correct leadership of the CPC through protracted and arduous struggle, now have established a powerful socialist country, a new China, on the vast land which was in the past dominated by exploitation, oppression, poverty, and starvation. [applause] By demonstrating the revolutionary spirit of self-reliance and arduous struggle, the Chinese people have wrought great changes in the socialist revolution and socialist construction by overcoming all sorts of difficulties and twists and turns, and have ensured the endless advance of the Chinese revolution.

In particular, in the wake of the Third Plenum of the 11th CPC Central Committee, China has entered a new historical turning point and, based on the security and unity achieved throughout the entire China, the Chinese people are now struggling more vigorously to build socialism with Chinese characteristics. Through the gigantic struggle to implement the four modernizations presented by the 12th CPC Congress, the appearance of China has been changing with each passing day and its might has been growing and developing without interruption.

New changes are being made in all sectors of national economy, science and technology is rapidly developing, social spirit and social order are improving, and great changes are being made in the socialist spiritual civilization construction. With great hope and conviction that they will triumph, the Chinese people are vigorously accelerating socialist construction for modernization, while uniting and putting up an arduous struggle, in accordance with the blueprint unfolded by the National Conference of Party Delegates. The Chinese people are actively struggling to reunify their fatherland by returning Taiwan, their inseparable territory, to China.

The Korean people extend firm support to and solidarity with the Chinese people in their just cause of implementing the socialist modernization program and reunifying the whole country under the leadership of the CPC. [applause] The PRC, which has grown and become strengthened into a powerful peace-loving force in Asia, is resolutely struggling for world peace and the progress of mankind, exerting a great influence in the international arena. Our people truly rejoice over the successes achieved by the Chinese people in their revolution and construction as if they were their own. [applause]

It is an expression of the correct guidance of the leaders of the CPC that a fundamental change has taken place in the life of the Chinese people and the Chinese revolution is advancing from victory to victory. [applause] The leaders of the CPC advanced a line of socialist construction suited to the conditions of China and are skillfully organizing and mobilizing the revolutionary zeal and creative ingenuity of the popular masses. Today's reality in China shows that the lines and policy of the Chinese party and government are correct and that the might of the Chinese people under the leadership of the CPC is inexhaustible.

The Korean people sincerely wish the fraternal Chinese people still greater success in their struggle to successfully carry out the decisions of the 11th CPC National Congress and the policy of its recent National Conference of Deputies and transform China into a modernized, powerful state under the wise leadership of the CPC. [applause] By maintaining the higher revolutionary zeal that made the 40th anniversaries of national liberation and the founding of the party shine as the victor's great festival alive, our people now are creating an uninterrupted upswing in socialist construction and are engaged in a vigorous struggle to implement successfully the grand programs put forward by the sixth party congress.

As a result of a brilliant implementation of the three revolutions — ideological, technological, and cultural — under the wise leadership of the party and the leader, great changes have been achieved in the work of remolding mankind, of remolding society, and of nature remolding, and the might of our country is growing with each passing day. Putting an end to our people's national division and reunifying the country is the most pressing task of struggle facing the Korean people, and settling the Korean question by peaceful means has emerged as an important issue in defending peace in Asia and the world. The primary question arising from the task of realizing the reunification of Korea independently and by peaceful means is to force the U.S. troops to withdraw from South Korea and to frustrate and check the maneuvers of the splitists within and without to fabricate two Koreas.

The occupation of South Korea by U.S. troops and the U.S. imperialists' maneuvers to fabricate two Koreas are the fundamental obstacles standing in the way of our country's reunification. Occupying the half of our fatherland for the past 40 years, the U.S. imperialists have enforced a colonial policy of subjugating it and are scheming to keep South Korea forever as a nuclear beachhead for the invasion of the Asian continent. Because of the endless military provocative maneuvers of the U.S. imperialists and the puppet South Korean clique, tension remains undiminished even after some 30 years since the gunfire of war came to an end in Korea, and the danger of war is still growing. Unless the national division that exists today and the state of military confrontation in Korea are brought to an end, not only peace in and the peaceful reunification of Korea, but also enduring peace in Asia and the world is inconceivable.

Our people, who have harmoniously lived as a single ethnic people in a single unified fatherland, cannot be separated into two and Korea must be reunified as a single country. In accordance with the aspirations of all the people and demands of the times, our party and the government of the republic are making every possible effort to achieve the independent and peaceful reunification of the country through dialogue and negotiations by embodying the three principles of independence, peaceful reunification, and grand national unity. The proposal for founding the Democratic Confederal Republic of Koryo put forth by the sixth congress of our party, proposals for tripartite talks and for North-South parliamentary talks advanced recently are just and reasonable proposals for the settlement of our country's reunification question by peaceful means, and they reflect the sincere efforts of our party and the government of the republic to achieve national reunification by peaceful means at all costs. However, because of the maneuvers of the splitists within and without, our proposals for peaceful reunification have not yet come to deserved fruition.

The United States should discard its anachronistic scheme to perpetuate the division of Korea, withdraw its forces and nuclear weapons from South Korea, and respond to our tripartite talks proposal. If the persons in authority in South Korea truly want the reunification of the country, they must renounce their treacherous policy which goes against the demands of the times and the desires of the people, take the stand of national independence, and approach the North-South dialogue with an honest attitude.

Because of their justness and reasonableness, our reasonable proposals designed to settle the Korean question by peaceful means are actively supported by the peoples of the socialist countries, including the fraternal Chinese people, and the world's peace-loving people. As the Korean people know only one China, the Chinese people also know only one Korea. [applause]

The Chinese party, government, and people are standing firmly on the side of the Korean people, engaged as always in the struggle for socialist construction and the cause of national reunification, and wholeheartedly support our proposals for peaceful national reunification. [applause] The Korean people deem it their pride to have the Chinese people as their close revolutionary comrades-in-arms and China as their dependable rear. [applause]

Avaling myself of this opportunity, I extend deep gratitude to the CPC, the Chinese Government, and people for consistently and actively supporting our people's just struggle for national reunification and the policy of national reunification of our party and the government of the republic. [applause]

In the midst of the support and encouragement of the people of the socialist countries, the international working class, the people of the Third World countries, the world's oppressed people, and all progressive people in the world, our people will achieve the independent and peaceful reunification of the country without fail. [applause]

Consolidating and developing indefinitely the indomitable Korea-China friendship, which has a long historical tradition of over half a century, is the firm will of our party and people. [applause]

The Korean people as always will share life and death with the Chinese people in any grim trial and under whatever unexpected situation, and will uphold the noble comradely relations and revolutionary sense of obligation forged with the Chinese people. [applause]

No force on earth can stop the advance of the peoples of Korea and China, who are united firmly under the banner of Marxism-Leninism and proletarian internationalism, and our common cause will always remain ever-victorious and invincible. [applause]

Long live the immortal militant friendship and unity forged in blood between the peoples of Korea and China! [applause] Long live peace in Asia and the world! [applause]

Kim Il-song Hosts Banquet

SK252359 Pyongyang KCNA in English 1505 GMT 25 Oct 85

[Text] Pyongyang October 25 (KCNA) -- The great leader of our party and our people Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, arranged a grand banquet at the Kumsusan Assembly Hall this evening in celebration of the 35th anniversary of the entry of the Chinese People's Volunteers into the Korean war. When President Kim Il-song appeared in the banquet hall amid the playing of the welcome music in company with heads of Chinese delegations visiting Korea to attend the celebrations of the 35th anniversary of the CPV's entry into the Korean war, all the attendants warmly welcomed them with thunderous applause.

Present at the banquet were Kang Song-san, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and premier of the Administration Council; Kim Chun-chu, Yi Chong-ok, Kim Hwan and O Kuk-yol, members of the Political Bureau of the WPK Central Committee; Kye Ung-tae, Hong Song-yong, An Sung-hak, Kim Pok-sin, Chong Chun-ki and Kang Hui-won, alternate members of the Political Bureau of the WPK Central Committee; Ro Chong-suk, secretary of the party Central Committee; members and alternate members of the party Central Committee; chairmen of commissions and ministers of the Administration Council; leading officials of the central bodies, administrative and economic bodies and working people's organisations; commanders of the three services and arms of the Korean People's Army and generals of the KPA; anti-Japanese revolutionary fighters; leading men of science, education, culture and art, public health and the press; and heroes of the republic.

Invited to the banquet were head of the Chinese party and government delegation Li Peng, member of the Political Bureau, and member of the Secretariat, of the Central Committee of the Communist Party of China and vice-premier of the State Council; head of the Chinese people's friendship delegation Yang Chengyu, member of the Central Committee of the CPC, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and Army Corps commander of the former Chinese People's Volunteers; head of the delegation of the former Chinese People's Volunteers Liu Zhenhua, member of the Central Committee of the CPC, political commissar of the Shenyang Military District of the Chinese People's Liberation Army (CPLA) and divisional commander of the former CPV; head of the Sichuan provincial friendship delegation of China Jiang Minkuan, member of the Central Committee of the CPC, deputy secretary of the Sichuan Provincial Party Committee and member of the Sichuan provincial people's government; Zhou Keyu, member of the CPC Central Committee and deputy director of the General Political Department of the CPLA, and Li Shuzheng, alternate member of the CPC Central

Committee and Deputy head of the International Liaison Department of the party Central Committee, and Liu Shaoqiang, vice-minister of foreign affairs, who are members of the Chinese party and government delegation; head of the delegation of the Chinese Ministry of Public Security Tao Siju, its vice-minister; head of the delegation of the Supreme People's Procuratorate of China Wang Xiangguang, its deputy chief procurator; head of the delegation of the All-China Federation of Trade Unions Qiang Kun, member of the Secretariat of the Federation; head of the delegation of the Communist Youth League of China He Guangwei, member of the Secretariat of its Central Committee; head of the delegation of heroes of the former Chinese People's Volunteers second class combat hero of the CPV Han Decai, deputy commander of the Air Force of the Nanjing Military District of the Chinese People's Liberation Army; head of the delegation of the bereaved families of fallen fighters of the former Chinese People's Volunteers Liu Jaijun, director of the organisational section of the General Political Department of the CPLA; members of the Chinese delegations; and Chinese guests, who are visiting our country, and Chinese Ambassador Zong Keven and his embassy officials in Pyongyang and the CPV member of the Korean-Chinese side to the Military Armistice Commission and staff members of the CPV Liaison Office of the MAC.

The band played the national anthems of China and Korea. Kang Song-san and Li Peng made speeches at the banquet. The attendants of the banquet toasted to the indestructible military friendship and solidarity between the Korean and Chinese people, the good health and long life of the great leader Comrade Kim Il-sung, the good health and long life of respected Comrades Hu Yaobang, Deng Xiaoping and Li Xiannian. Prior to the banquet President Kim Il-sung received and conversed in a warm and friendly atmosphere with the members of the Chinese party and government delegation headed by Li Peng and also met heads of several other Chinese delegations.

Kang Song-san Banquet Address

SK271153 Pyongyang Domestic Service in Korean 2200 GMT 25 Oct 85

[Speech by Kang Song-san, member of the WPK Central Committee Political Bureau and premier of the State Administration Council, at a banquet arranged at the Kumsusan Assembly Hall on 25 October to mark the 35th anniversary of the entry of the CPV into the Korean war -- read by announcer]

[Text] Respected Comrade Li Peng, respected Comrade Yang Chengwu, intimate comrades from China, and comrades:

We are very happy to be gathered here with the Chinese comrades, our close comrades-in-arms, to splendidly celebrate the 35th anniversary of the entry of the CPV into the Korean war.

In this place, which is warmly overflowing with the friendship between the Korean and Chinese peoples, I, in the name of the WPK Central Committee, the Government of the DPRK, and all the Korean people, wholeheartedly welcome once again the visit to our country by many Chinese delegations.

The Chinese party and government helped us celebrate this day, marking the 35th anniversary of the entry of the CPV into the Korean war, more meaningfully by sending friendship envoys from various sectors, including high-ranking party and government delegations, to our country.

The entry of the CPV into the Korea war was a brilliant expression of the Chinese people's will to share life and death with the Korean people through whatever storm, and their noble spirit of proletarian internationalism. Gathered with us here are the old comrades-in-arms of the CPV who, together with many Chinese comrades, fought for the defense of the land of Korea by shedding blood along with our People's Army fighters on the heights and in the trenches filled with gunsmoke, braving snow, wind, and cold frost during the arduous days of war.

Through such a reunion with close revolutionary comrades-in-arms, we reminisce about and recall, with deep emotion and warmth, the intimate feelings we felt toward the CPV fighters in those days, which are unforgettable. The brave CPV fighters who rushed to the war front in Korea were all heroic fighters who fought by laying down their own noble lives and youthfulness without a moment's hesitation, demonstrating their bravery in battles to annihilate the U.S. imperialist aggressors. They were also true internationalist fighters who loved our people as if they were their own blood brothers and cared for and valued even a mountain, a river, a tree, and a blade of grass of Korea.

Emotional facts and beautiful stories about the matchless bravery and spirit of self-sacrifice displayed in Korea by the CPV fighters faithful to the teachings of their leader are still shining in the glorious annals of Korea-China friendship, notwithstanding the flow of the time. The internationalist soldiers of China mowed down the aggressors in every battle through their heroic struggle and dealt an annihilating blow at them, thus greatly contributing to the historic victory of our people in the Fatherland War.

Our people highly appreciate the imperishable merits and feats accomplished by the CPV in Korea and will cherish them in their hearts forever.

Comrades, the peoples of Korea and China are trustful revolutionary comrades-in-arms and true class brothers who have traversed, together, a revolutionary path, filled with tests, against the common enemy for a long period. In retrospect, no two other peoples have had such deep-rooted traditional friendship, shared such joy and sorrow together, mutually trusted and assisted each other wholeheartedly, and remained mutual friends, as if they were blood brothers, as the peoples of Korea and China.

Such special relations of friendship between the Korean and Chinese peoples have been made more indestructible and have been developed to a new, higher stage through the visits of the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il to China and the visits of respected Comrades Hu Yaobang and Deng Xiaoping to Korea in recent years.

No force can break the great Korea-China friendship, which was sealed in blood and has withstood all tests of history, and it will be invariably carried forward and developed forever through generations, just as the mountains and rivers of the two countries will remain linked forever. While positively supporting and encouraging each other, the Korean and Chinese peoples are advancing for the common victory of the cause of socialism and imperialism.

After the 3d Plenum of the 11th CPC Central Committee, the great Chinese people have been fighting vigorously, with high revolutionary spirit and confidence, to achieve the stability and unity of the entire country and realize socialist modernization, making big strides forward in the building of material and spiritual civilization. The epochal changes taking place in the vast Chinese land powerfully demonstrate the tested leadership of the directorate of the Chinese party and the validity of the line and policy of the Chinese party and government for building socialism suitable to the reality of China.

Our people rejoice over the successes realized by the Chinese people as if they were their own and wholeheartedly wish them still greater successes in their future struggle to accelerate socialist construction for modernization and reunify their entire country by returning Taiwan to the fatherland through the implementation of the decisions of the 12th party congress and the policy adopted at the recent National Conference of Party Delegates.

Today, our people are vigorously advancing to realize the grand program of socialist construction brought forth at the sixth party congress in the revolutionary spirit with which they greeted the 40th anniversaries of national liberation and the party founding with high political enthusiasm and labor successes. Upholding the lines of the three revolutions -- ideological, technological, and cultural -- put forward by the great leader Comrade Kim Il-sung, our people, under the tested leadership of our party, are effecting a constant upswing on all fronts of the revolution and construction and are struggling staunchly to accelerate the independent and peaceful reunification of the country. The fraternal Chinese people, who helped us, with sincerity, in the past period of serious ordeals are extending unsparing support and encouragement to our people's just cause for socialist construction and national reunification even today. This is a great encouragement to our people. It is a most pressing question, given the world political situation, to ensure a durable peace in Korea and solve the question of Korea's reunification by peaceful means.

Still clinging to the two Koreas scheme, the United States is working to perpetuate the division of Korea and instigating the persons in authority in South Korea to division and confrontation. If the United States truly wants peace in Korea and its peaceful reunification, it must respond to our proposal for tripartite talks at an early date and refrain from committing acts obstructive to the reunification of Korea. Our people will make the U.S. forces withdraw from South Korea and achieve the independent and peaceful reunification of the country without fail with the strong support and encouragement of the Chinese people and the world's progressive people. It is the unwavering stand and will of our party, government, and people to strengthen and develop Korea-China friendship without interruption. Treasuring the traditional Korea-China friendship, the Korean people will make every possible effort to uphold and develop it in the future as well, and will always fight shoulder to shoulder with the fraternal Chinese people, in close unity with them.

Concluding my speech, I propose, on this significant day, a toast to the immortal militant friendship and unity between the Korean and Chinese peoples; to the long life and good health of the respected Comrades Hu Yaobang, Deng Xiaoping, and Li Xiannian; to the long life and good health of the great leader Comrade Kim Il-sung; to the good health of the respected Comrade Li Peng and Yang Chengwu; to the good health of the many Chinese guests; and to the good health of the many comrades who are here with us.

Li Peng Speaks at Banquet

SK271342 Pyongyang Domestic Service in Korean 2200 GMT 25 Oct 85

[Speech by Li Peng, member of the Political Bureau and Secretariat of the CPC Central Committee and vice premier of the State Council, at a banquet arranged at the Kumsusan Assembly Hall on 25 October to mark the 35th anniversary of the entry of the CPV into the Korean war -- read by announcer]

[Text] Respected President Comrade Kim Il-sung, respected comrade cadres of the party and Government of Korea, dear comrades: We are very happy that we are greatly honored this evening to participate in the splendid celebration banquet arranged directly by President Comrade Kim Il-sung, the great leader of the Korean people and an intimate friend of the Chinese people.

On the occasion of the 35th anniversary of the entry of the CPV into the Korean war, the WPK and the Government of the DPRK arranged splendid celebrations under the care of respected President Comrade Kim Il-song and warmly invited the delegation of the Chinese party and Government and many other Chinese delegations to attend these celebrations. This fully shows that the fraternal Korean people set great store by the great China-Korea friendship. We are very happy that we can attend these significant celebrations as an envoy of the Chinese party, Government, and people.

I, on behalf of the CPC, the Government and people of China, the Chinese party and Government delegation, and other delegations, extend heartfelt thanks and high tribute to respected President Comrade Kim Il-song, the WPK, the Government of the DPRK, and the fraternal Korean people.

I also take this opportunity to convey the warmest greetings of Comrades Hu Yaobang, Deng Xiaoping, Zhao Ziyang, Li Xiannian, Chen Yun, Peng Zhen, and Deng Yingchao to respected President Comrade Kim Il-song and respected Secretary Comrade Kim Chong-il.

China-Korea relations are not ordinary relations. The peoples of our two countries have constantly respected and supported each other in the course of a long revolutionary struggle. The Korean revolutionaries led by Comrade Kim Il-song staged an incomparably arduous struggle together with the Chinese people against the aggression of the Japanese imperialists.

The blood shed by the Korean revolutionaries permeates the land of China. Thirty-five years ago, during the grim period when the U.S. imperialists openly provoked a war of aggression in Korea and gravely threatened the security of China, the CPV, carrying the earnest wishes of the Chinese people, crossed the Amnok River and fought shoulder to shoulder with the Korean people under the banner of "Resisting America and Aiding Korea, Safeguarding the Home, and Defending the Motherland." Comrades-in-arms of the two countries shed blood together again.

By waging the bloody 3-year war with the support of the Chinese people and the world's peace-loving people, the Korean people defeated the aggressors and won a great victory in the fatherland liberation war of Korea, making a great contribution to defending peace in the Far East and the world.

During their stay in Korea, the CPV received the special care and love of Comrade Kim Il-song, the great leader of the Korean people; the WPK; and the Government and people of Korea. A great number of the heroic sons and daughters of Korea devotedly supported the CPV and even laid down their noble lives for the sake of the CPV. The Chinese people always remember this.

Today, some 30 years later, we feel keenly once again that blood-sealed great friendship between the Chinese and Korean peoples can withstand all storms and stresses, as we look back on the arduous course the comrades-in-arms of the two countries have traversed together, as well as the proud amity of the two peoples, who have shared life and death together, in this place where we are sitting together with the Korean comrades.

After winning a victory in the fatherland liberation war under the leadership of the WPK led by Comrade Kim Il-song, the fraternal Korean people have rapidly healed the scars of war with their own industrious hand, have developed their national economy, and have turned Korea into a prosperous and happy socialist country.

Many multistory buildings now stand in the land of Korea where the comrades-in-arms of the two countries once fought shoulder to shoulder, the factories are reverberating with noises of machines, crops of various kinds are maturing in the fields, and an energetic spirit is overflowing in every nook and cranny of Korea.

Today, the Korean people are struggling hard to attain the 10 long-range goals of socialist economic construction for the 1980's on the basis of the successful implementation of the Second 7-Year Plan under the banner of the three revolutions -- ideological, technological, and cultural -- while maintaining the correct policy of independence, self-support, and self-reliant defense.

The DPRK is pursuing a foreign policy of independence, friendship, and peace in the international arena and it has become a main force in promoting peace and development in the world.

The Chinese people sincerely rejoice at the achievements made by the Korean people in many fields at home and abroad and wish them greater success in the future. Bringing the unhappy phase of the North and South of Korea remaining divided for a long period to an end and realizing the peaceful reunification of the country is a paramount national hope and noble historical mission of all the Korean people.

The Korean party and government have made tireless efforts and put forward a series of reasonable proposals to ease the strained situation on the Korean peninsula and attain the objective of the peaceful reunification of Korea. Thanks to the positive initiative of the North Korean side, the North and South of Korea are conducting dialogue in various forms. The recent exchange of art troupes and home-visiting groups between the two sides allowed some of the separated families to have emotional reunions for the first time in 40 years. We are happy at the fact that such joyous and positive progress has been made possible. The CPC, the Chinese Government, and the Chinese people have invariably and resolutely supported the Korean people in their just cause for the independent and peaceful reunification of the country.

We strongly support President Kim Il-song's reunification proposal for founding the Democratic Confederal Republic of Korea and the proposal for tripartite talks involving the North and South of Korea and the United States. These proposals indicate reasonable and realistic methods for the settlement of the question of Korean reunification. The United States should create conditions for peaceful reunification of Korea by renouncing its interference in the internal affairs of Korea and withdrawing its troops and equipment from South Korea. We consider it unimaginable for such a great nation as Korea to be artificially divided forever.

The Korean people will overcome all difficulties and obstacles on their road of advance and will triumphantly accomplish the cause of national reunification without fail with the support of the people of the world.

Comrades, the Chinese people are now struggling with one mind and one purpose to promote socialist construction for modernization. Our country's political and economic conditions are very good. The recent National Conference of Party Delegates and the 4th and 5th plenums of the 12th CPC Central Committee adopted a proposal for the 7th 5-Year Plan for the development of the national economy, and the work of replacing the old members among the central leadership with young ones has been further promoted. This is of great significance in ensuring the consistency of our party's lines and policy and the stability of the collective leadership, as well as in promoting socialist construction for modernization and national reunification.

China's cause of socialist construction and its struggle to reunify the country by having Taiwan returned to the homeland have always enjoyed valuable support from the Korean party, government, and people. This is a source of great encouragement to us. The hearts of the Chinese and Korean peoples are linked together. Our two countries have established close, friendly, and cooperative relations in their common struggle to build socialism and to defend world peace.

A series of visits and meetings between the leaders of our two parties and two countries in recent years have deepened our fraternal solidarity and feelings of comradeship, and developed friendship and cooperation in various fields between the two countries.

The Chinese party and Government highly treasure the great China-Korea friendship and will do their utmost to constantly consolidate and develop the friendly and cooperative relations between China and Korea in order to enable such relations to make a new contributions to the happiness of the younger generations of our two countries and to peace and stability in Asia and the rest of the world.

Concluding my speech, I propose a toast to the great friendship sealed in blood between the peoples of China and Korea; to the uninterrupted development of the friendly and cooperative relations between China and Korea; to the prosperity and development of the DPRK; to the good health and long life of Comrade President Kim Il-song, the great leader of the Korean people and a close friend of the Chinese people; to the good health of the many respected comrade cadres of the Korean party and Government; and to the health of the Korean and Chinese comrades who are here with us.

Wreath for Mao Anying Grave

SK260010 Pyongyang KCNA in English 1550 GMT 25 Oct 85

[Text] Pyongyang October 25 (KCNA) -- The great leader President Kim Il-song sent wreaths to a grave of Mao Anying, son of Comrade Mao Zedong, the great leader of the Chinese people; and the cemetery of fallen fighters of the Chinese People's Volunteers in Hoechang County, South Pyongan Province, on the occasion of the 35th anniversary of the entry of the CPV into the Korean war. Wreaths sent by President Kim Il-song were laid today on the spot.

Present on the occasion were Chong Chun-ki, alternate member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-premier of the Administration Council; Yang Hyong-sop, chairman of the Standing Committee of the Supreme People's Assembly; Kim Hak-pong, chief secretary of the South Pyongan Provincial Committee of the WPK and chairman of the South Pyongan Provincial People's Committee; Kim Ui-sun, chairman of the South Pyongan Provincial Administration and Economic Guidance Committee; Colonel general of the Korean People's Army Pak Chung-kuk; Yi Won-kuk, vice-minister of foreign affairs; and other officials concerned. Also on hand was Chinese Ambassador to Korea Zong Kewen.

Guards of honour of the Korea People's Army were lined up by the graves.

The national anthems of China and Korea were played. Amid the wreath-laying music, wreaths sent by President Kim Il-song were placed before the grave of Mao Anying and in the cemetery of fallen CPV fighters.

The ribbons hanging from the wreaths bear the words "To Comrade Mao Anying, son of Comrade Mao Zedong, a close comrade-in-arms of the Korean people" and "Eternal glory to the fallen fighters of the Chinese People's Volunteers."

Also laid there were wreaths from the Central Committee of the Workers' Party of Korea, the Central People's Committee of the Democratic People's Republic of Korea, the Administration Council, the Ministry of People's Armed Forces, the party and power, administrative and economic bodies and working people's organisations in South Pyongan Province.

Kim Il-sung Meets Sichuan Group

SK261056 Pyongyang KCNA in English 1041 GMT 26 Oct 85

[Text] Pyongyang October 26 (KCNA) -- The great leader President Kim Il-sung on October 26 received the Sichuan provincial friendship delegation of China headed by Jiang Minkuan, member of the Central Committee of the Communist Party of China, deputy secretary of the Sichuan Provincial Committee of the CPC and Governor of the Sichuan Provincial People's Government, on a visit to Korea. Present on the occasion were Chong Chun-ki, alternate member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-premier of the administration council, and Zou Kequn, Chinese ambassador to Korea. President Kim Il-sung had a talk with the guests in a cordial and friendly atmosphere. The guests presented a gift to him. They, together with the Chinese party and Government delegation, were invited to a luncheon arranged by President Kim Il-sung today.

Gift Given to Kim Chong-il

SK261130 Pyongyang KCNA in English 1054 GMT 26 Oct 85

[Text] Pyongyang October 26 (KCNA) -- The Chinese Sichuan provincial friendship delegation visiting South Pyongyang province presented a gift to Comrade Kim Chong-il, member of the Presidium of the Political Bureau, and secretary, of the Central Committee of the Workers' Party of Korea. The gift was handed to an official concerned by head of the delegation Jiang Minkuan, member of the Central Committee of the Communist Party of China, deputy secretary of the Sichuan Provincial Committee of the party and Governor of the Sichuan Provincial People's Government.

Li Peng Gift to Kim Chong-il

SK261128 Pyongyang KCNA in English 1052 GMT 26 Oct 85

[Text] Pyongyang October 26 (KCNA) -- A gift was presented to Comrade Kim Chong-il, member of the Presidium of the Political Bureau, and secretary, of the Central Committee of the Workers' Party of Korea, by Li Peng, member of the Political Bureau, and member of the Secretariat, of the Central Committee of the Communist Party of China and vice-premier of the State Council, who has come to Korea as the head of the party and Government delegation of China to attend the celebrations of the 35th anniversary of the entry of the Chinese People's Volunteers into the Korean war. Li Peng handed the gift to an official concerned.

Kaesong Welcome Rally

SK280552 Pyongyang KCNA in English 0531 GMT 28 Oct 85

[Text] Pyongyang October 28 (KCNA) -- A meeting of Kaesong citizens and soldiers of a unit of the Korean People's Army stationed there was held on October 27 at the Kaesong Municipal House of Culture to welcome the delegation of heroes of the former Chinese People's Volunteers visiting Korea to attend the celebrations of the 35th anniversary of the entry of the CPV into the Korean war. The meeting was addressed by Choi Ki-hyon, vice-chairman of the Kaesong Municipal Administration and Economic Guidance Committee, and second class combat hero of the CPV Han Decai, deputy commander of the Air Force of the Nanjing Military District of the Chinese People's Liberation Army, who was heading the delegation.

Recalling that the Chinese people under the banner of "Assisting America and aiding Korea, safeguarding the home and defending the motherland" sent their fine sons and daughters to the Korean front and helped the Korean people with blood in the grim period when they were waging an arduous struggle against the U.S. imperialist aggressors, Com Kim Ki-hyon stressed: The undying feats performed by the Chinese People's Volunteers will always be cherished in the hearts of our people. He wished the Chinese people continued successes in building material civilisation and moral civilisation of socialism, while consolidating the stability and unity of the whole country and greater successes in their struggle to reunify the whole country by having Taiwan returned to the motherland under the correct leadership of the directorate of the Communist Party of China including respected Comrades Hu Yaobang and Deng Xiaoping.

Han Decai noted that the heroic Korean people and People's Army soldiers, under the leadership of their great leader Comrade Kim Il-sung and the Workers' Party of Korea are constantly registering new successes in socialist construction by implementing the revolutionary line of independence, self-support and self-reliant defence through the display of the revolutionary spirit of self-reliance and hard struggle. The former Chinese People's Volunteers together with the Chinese people will in the future, too, extend fine solidarity and support to the Korean people in their just struggle for national reunification, he declared. He demanded that the U.S. troops occupying South Korea and their military equipment must be withdrawn at an early date. Silk banners were exchanged at the meeting.

PRC Envoy Meets Reception

08:18:20 Pyongyang KCNA in English 0552 GMT 28 Oct 85

[Text] Pyongyang October 28 (KCNA) -- Chinese Ambassador to Korea Tong Kewen hosted a reception on October 27 at the embassy upon the conclusion of the Korean visit of the Chinese People's Friendship delegation headed by Yang Chengyu, member of the Central Committee of the Communist Party of China, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and Army Corps commander of the former Chinese People's Volunteers.

Invited there were Vice-Premier Chong Chun-ki; Yang Hyong-sop, chairman of the Standing Committee of the Supreme People's Assembly; Yu Yon-ku, director of the Secretariat of the Central Committee of the democratic Front for the Reunification of the Fatherland; Colonel General of the Korean People's Army Yi Pyong-uk; Kim Chae-ouk, vice-minister of foreign affairs; and other officials concerned.

The reception was addressed by Yang Chengyu and Yang Hyong-sop.

Yang Chengyu said that Comrade Kim Il-sung, the great leader of the Korean people, in spite of the urgency of his affairs, found time to receive the delegation and arrange a luncheon. We were deeply impressed at this and feel greatly honored, he added. He declared that the Chinese people would resolutely support all the just proposals put forward by President Kim Il-sung and the Korean Government till the Korean people's sacred cause of national reunification has finally triumphed. The Chinese people will as ever fight shoulder to shoulder with the Korean people, closely united with them, he said.

Yang Hyong-sop said the visit of the delegation to Korea was another milestone in strengthening and developing the great Korea-China friendship firmly based on the particular intimacy between the respected leader Comrade Kim Il-sung and dear Comrade Kim Chong-il and respected Comrades Hu Yaobang and Deng Xiaoping and a clear token of the unbreakable Korea-China friendship.

He wished the fraternal Chinese people new success in their struggle to realize socialist modernization by vigorously accelerating the new advance for implementing the decisions of the 12th Congress of the Communist Party of China and the recent party national conference and reunify the whole country by having Taiwan returned to the motherland. Whatever wind may blow, our people will invariably and firmly defend through generations the blood-sealed traditional Korea-China friendship and advance together with the fraternal Chinese people, he declared.

Li Peng-lei Group Departs

SK271027 Pyongyang KCNA in English 1014 GMT 27 Oct 85

[Text] Pyongyang October 27 (KCNA) -- The party and government delegation of China headed by Li Peng, member of the Political Bureau, and member of the Secretariat, of the Central Committee of the Communist Party of China and vice-premier of the State Council of China, left here today by plane after attending the celebrations of the 35th anniversary of the entry of the Chinese People's Volunteers into the Korean war. It was sent off at the airport by Kim Hwan, member of the Political Bureau of the Central Committee of the Workers' Party of Korea; O Kuk-yol, member of the Political Bureau of the WPK Central Committee and chief of general staff of the Korean People's Army; Chong Chun-ki, alternate member of the Political Bureau of the WPK Central Committee and vice-premier of the Administration Council; Kang Hui-won, alternate member of the Political Bureau of the WPK Central Committee and chairman of the Pyongyang Municipal Administration and Economic Guidance Committee; and other cadres. A farewell function took place there.

'SSANGNYONG 85' MILITARY DRILL IN SOUTH DEMONSTRATED

SK290502 Pyongyang KCNA in English 0449 GMT 29 Oct 85

[Text] Pyongyang October 29 (KCNA) -- The Chun Tu-hwan fascist clique on October 27 started the provocative war exercise codenamed "Ssangnyong 85" for the deployment of the puppet army and the "Homeland Defence Reserve Forces" in the forward area, according to a radio report from Seoul.

The military hooligans have mobilized more than 10,000 men of the puppet army and the "Homeland Defence Reserve Forces" in this war exercise which will continue till November 1. The fascist clique is whipping up the war fever on a massive scale for northward invasion, driving toward the North the puppet army and "Homeland Defence Reserve Forces" mobilized in the rear amid the air-raid mobile exercise, artillery fire exercise and river-crossing exercise.

As is known, the fifth round of the North-South economic talks and the tenth of the North-South Red Cross talks will be held in November and, at present, the third preliminary contact for North-South parliamentary talks is on the order of the day.

The Chun Tu-hwan puppet clique is committing the treacherous act of throwing a wet blanket again on the people's desire for reunification by staging the war exercise for northward invasion with the wholesale mobilization of the puppet army and the "homeland defence reserve forces" on the threshold of dialogues of multi-channels between the North and the South.

NO ADDRESSES U.S. CONSERVATIVES ON TRADE FRICITION

SK290314 Seoul YONHAP in English 0246 GMT 29 Oct 85

[Text] Washington, Oct. 28 (DAXA-YONHAP) -- Visiting South Korea Prime Minister No Si-myung said Tuesday that the United States and Korea should deal with the trade friction between the two countries in not just an economic context, but in the overall perspective of Korean-U.S. relations.

In a speech at a dinner hosted by the Heritage Foundation at the Sheraton Carlton Hotel here, No said that Korea's surplus in its trade with the United States and U.S. pressure on Korea to open its market more widely have caused some frictions between the two countries. Trade is the main engine of Korean economic growth, he added.

"Korea has been liberalizing all aspects of its economy," No said. "As part of this process, Korea's import liberalization ratio will be raised to over 95 percent by 1988, a level comparable to that of developed countries." In addition, Korea is taking steps to provide proper protection for foreign intellectual property rights, the prime minister said. He emphasized that Korea has learned from its experience in economic development that a free trade and open market economy are the most efficient ways to allocate resources.

"Unfortunately, many in the U.S. do not realize that the U.S. has always enjoyed a trade surplus with Korea," he pointed out. "It was not until 1982 that the trade balance tipped in Korea's favor."

"I must also emphasize that if we take into account invisible trade, which includes principal and interest payments to U.S. banks, and the purchase of U.S. military equipment, we have never had a surplus with the U.S.," No said. By reducing global trade, he said, protectionism threatens to cause economic stagnation in all trading nations and possibly another world-wide depression. To help reverse the trend toward protectionism Korea supports the early establishment of a new round of GATT negotiations and endorses the American position that services should be included in the discussions, he added.

The prime minister said as long as North Korea's primary goal is the communization of the Korean peninsula through military force, South Korea must continue to be on guard and to pay careful attention to the growing threat from the North. "North Korea has been continuously building up its forces by spending 25 percent of its GNP annually on the military, he said. "Having the world's largest commando force of 100,000 men, the North currently enjoys almost a 2 to 1 military advantage over the Republic of Korea." In addition, intelligence reports show that North Korea has recently deployed its armed forces closer to the Demilitarized Zone and, on the East Asian scene, North Korea has been strengthening its alliance with the Soviet Union, he said.

"We thus believe that the next few years will be the most critical period for security on the Korean peninsula," No said. "In this context, I would like to emphasize that the role of the U.S. forces in Korea is a vital one and that it is necessary to enhance our country's defense capabilities." Referring to the ongoing inter-Korean dialogue, he noted that Pyongyang, which has no interest in Seoul's proposals for institutionalizing permanent peace, continues to make counter-proposals for political expediency, undermining the South Korean-U.S. alliance.

No said that the insincere attitude of the North Koreans reminds him that, historically, whenever north Korea prepares for violence against the south it either makes seemingly acceptable proposals or pretends to approve south Korea's proposals.

"Nevertheless, no matter how difficult and frustrating our negotiations with north Korea may be, we are determined to carry on the current dialogues with them," No said. "In this regard, I hope the United States will continue to encourage direct talks between the two Koreas." "I would ask all our friends, including the U.S., however, to be patient in waiting for tangible results and to refrain from making contacts with north Korea, in order to avoid any adverse effects on the talks," he added.

As for domestic affairs, he said that those who follow Korea closely know the remarkable extent to which political expression and freedom of speech have been expanded by President Chon Tu-hwan's complete devotion to those ideals. "The triumph of Korea's commitment to democracy will, of course, materialize with the first peaceful transfer of presidential power in 1988, as provided in the Korean Constitution," he said.

FLEXIBLE TRADE NEGOTIATIONS WITH U.S. EXPECTED

SK290529 Seoul YONHAP in English 0302 GMT 29 Oct 85

[Text] Seoul, Oct. 29 (DANA-YONHAP) -- Korea plans to take a give-and-take position in its negotiations with the United States over the mounting bilateral trade friction, a top economic official here said Monday. Following an economic ministers' conference, Sin Pyong-hyon, deputy premier and economic planning minister, told reporters that his government will ask the United States to open its market more widely to some Korean commodities with comparative advantages, in order to keep pace with Korea's own liberalization process. Economic experts here view construction and other labor-intensive manufacturing and service sectors as areas that should be given greater access to U.S. markets.

U.S. protectionist pressure is likely to continue through next April, when the 1988 U.S. presidential campaign begins, Sin said. Korea will maintain a flexible stance against the U.S. pressure, he added.

Sin emphasized the need for Korea to pursue an open-door policy, considering the fact that Korea is the United States' 14th largest trading partner and accounts for 1.6 percent of the world trade volume. "We should know the United States is dealing with Korea as a trading partner, not as an object for special preference," he said. "We should take new approaches to the United States suitable to our world status, turning away from our past ways of thinking." The Korean Government will push ahead with its original market liberalization action program, based on the national interests and necessities in its economic operations, the deputy prime minister said. The action program is scheduled to be announced Wednesday.

Sin said that the U.S. Government initiated section 301 of the U.S. trade and tariff act as a way of retaliating against excessive imports from some countries without enacting new protectionist legislation and without shrinking the world trade volume.

GOVERNMENT VIEWS U.S. PRESSURE, MARKET OPENING

SK281002 Seoul YONHAP in English 0911 GMT 28 Oct 85

[Text] Seoul, Oct. 28 (DANA-YONHAP) -- The South Korean government Monday held a high-level meeting concerning the increasing pressure by the U.S. Government on Korea to open its market more widely to American products and the mounting trend toward protectionism in the U.S. Congress. Deputy prime minister, Sin Pyong-hyon, explained a recent series of U.S. restrictions on imports from Korea and the growing U.S. demands that Korea liberalize the importation of U.S. goods.

During the meeting, Finance Minister Kim Man-che, trade and industry minister Kun Chin-bo and other economic ministers reviewed the U.S. actions on an item-by-item basis and explained the respective positions of their ministries on the trade issues.

Despite the pressure from the U.S. Government, the Korean Government decided, at a meeting of economic ministers and working-level officials over the weekend, to go ahead with the scheduled import liberalization plan. The participants also decided to deal with U.S. pressure on Korea to protect foreign intellectual property rights in a flexible manner, through negotiations with Americans. Later this week, the Korean Government plans to announce the details of its import liberalization scheduled for 1986-1988, if the meeting on Monday brings about a change in Korea's liberalization policy.

GOVERNMENT EMERGENCY MEASURES FOR ALBUM EXPORTERS

SK280917 Seoul YONHAP in English 0908 GMT 28 Oct 85

[Text] Seoul, Oct. 28 (DANA-YONHAP) -- The South Korean Government will take emergency measures to support Korean exporters faced with the unexpected risk of bankruptcy resulting from mounting trade protectionism abroad, government officials said Monday. To protect Korean exporters from bankruptcy, the government plans to give them financial help and other forms of support, the officials said.

Under the plan, the government will extend the loan repayment period for album exporters, beset by the U.S. Commerce Department's anti-dumping ruling, to six months beyond the usual repayment period. In a final ruling last week, the Commerce Department decided to impose a uniform 64.81 percent anti-dumping charge on photo albums imported from Korea. The government will also set up a special operational fund for the Korean album makers, which exported about \$6 million U.S. dollars worth of products in 1984.

Due to the virtual suspension of exports to the United States, 34 Korean album exporters, employing some 3,000 workers, will have to curtail their operations, business sources here said. The government also plans to help the album producers to explore new markets abroad, and if necessary, to help them transform their businesses into other areas, in order to avoid layoffs, the officials said. Korean album makers now depend on the U.S. market for about 60 percent of their exports.

DEFENDANT REVEALS PLAN TO BLOW UP U.S. CENTER

SK290055 Seoul THE KOREA HERALD in English 29 Oct 85 p 8

[Text] A former college student now on trial on charges of spying for north Korea testified yesterday that he and his friends plotted to blow up the U.S. Cultural Center in Daejeon last May by using a remote controlled time bomb. Kang Yong-chu, 23, formerly a sophomore at Chonnam National University in Kwangju, however, said he failed to carry out the scheme because he could not obtain the explosive. He said the bomb was to be timed to explode in the air above the American facility after being sent there in a self-propelled model aircraft.

He said he and his friends scheduled the attack to take place on May 18 so that it would coincide with the fifth anniversary of the outbreak of the nine-day civil disturbance in Kwangju in 1980. The planned attack was intended to protest the alleged U.S. role in quelling the disturbance, he said.

Kang is one of 14 people who attended a hearing on spy charges at the Seoul District Criminal Court.

The defendants were indicted and are being tried on charges of conducting espionage activities, some of them while studying in the United States and West Germany.

On April 23, he said, he and Miss Chae Yong-ni, his girlfriend, and a codefendant, came to Seoul and searched bookstores specializing in second-hand books in an effort to find a manual for producing a home-made bomb. Kim Yong-chan, one of his former classmates, also joined in the scheme to explode a time bomb at the U.S. Cultural Center. He said Kim produced a map of the layout of the U.S. facility at his request. Kang maintained that he alone worked out the abortive plan to attack the U.S.-owned building.

In addition, he testified that he also joined in a separate plan to seize the cultural center by using a home-made gasoline bomb on May 30. However, he said the students failed to carry out the plan because of heightened security in and around the American facility in the wake of the May 23-26 seizure of the USIS library in Seoul. He and five students attending the school made what he called a nighttime rehearsal for the planned seizure of the U.S. facility near a trash dump inside their school campus around 10 p.m. on May 30.

ARRESTS, ILLEGAL ACTIVITIES OF PROCOMMUNIST GROUP

SK290231 Seoul YONHAP IS English 0203 GMT 29 Oct 83

[Text] Seoul, Oct. 29 (OANA-YONHAP) -- The Seoul district prosecutor's office announced Tuesday that it has uncovered an illegal procommunist organization responsible for planning the seizure last May of the U.S. Information Service library here and for instigating other anti-government demonstrations involving students and workers. According to the announcement, the government has rounded up 26 Seoul National University (SNU) students, graduates and expelled students, including Mun Yong-sik, 26, the leader of a subversive organization and his wife. Mun, a junior majority in Korean history, is leader of the "committee for the promotion of democratization." The 26 were arrested on charges of breaking the national security law and the law governing assembly and demonstrations. Three others were booked without physical detention and 17 others, facing the same charges, were put on a wanted list, the announcement said.

In announcing the results of the investigation, Choe Ilwan, chief of the Public Safety Division of the Seoul District Prosecutor's Office, said that the Committee for the Promotion of Democratization is a pro-communist group, based on the socalled "national democratic revolution." The organization sympathizes with Pyongyang's revolutionary doctrine and strategy for unifying the Korean peninsula, according to the announcement. Choe said the committee, organized among SNU students, was the mastermind of the Sammin Struggle Committee, which had spearheaded various anti-government rallies, and was connected with "the youth union of the movement for democratization." The youth union, led by Kim Keun-tae, 38, a graduate of SNU Economics Department, had directed the Committee for the Promotion of Democratization, Choe added. Kim, now under arrest, not only rendered ideological guidance to Moon but also mobilized Moon's organization for illegal assemblies the youth union organized.

The announcement said the committee was also behind the seizure by campus activists last November of the ruling Democratic Justice Party headquarters and staged anti-government demonstrations on 20 occasions in support of the demonstrations staged by Chongye Trade Union and the Daewoo Apparel Trade Union. A total of 399 items including books supporting the cause of communism, mimeographs and subversive literatures had been seized as evidence from the committee. Asked if the committee as a pro-communist organization had any connection with Pyongyang, Choe said so far it has turned out to be a group rooted in South Korea.

SPK COMMENTS ON REAGAN'S ADDRESS AT UN

ME281157 Phnom Penh SPK in English 1136 GMT 28 Oct 85

("Lies" -- SPK headline)

[Text] Phnom Penh SPK October 28 -- The "three-step peace process" for "regional conflicts" proposed to the United Nations by U.S. President Ronald Reagan is a brazen distortion of reality and history.

Reagan seems to have forgotten this glaring fact -- a fact recognized by all fair-minded people -- that the "Kampuchea conflict" is a direct result of a Washington-Beijing-Bangkok collusion to keep the whole of Indochina and Southeast Asia in a permanent state of tension, as part of the U.S. global strategy. This fact is corroborated by Washington's increasing aid to the Khmer reactionaries in exile in Thailand, by stepped-up U.S. military assistance to Thai ultra-rightists, and by stubborn U.S. support for the moribund "Coalition Government of Democratic Kampuchea" at the United Nations.

Reagan [words indistinct], but he cannot gloss over the sinister role of U.S. imperialism at other hotbeds of tension in the world. In Afghanistan, in [word indistinct], in Angola, in Nicaragua, one does not have to scratch deep to discover what the United States is doing there.

Direct U.S. military aid to Afghan rebels is a secret to no one, and the undeclared U.S. war against tiny Nicaragua is reminiscent of what the U.S. imperialists were doing in Indochina just a little more than a decade ago.

The Kampuchean people, once direct victim of U.S. aggression, will not fall dupe to Reagan's rhetoric. What the U.S. imperialists did to our country is still fresh in our minds and what they are still scheming against our nation cannot escape our attention. No amount of flowery words can lull our vigilance. No threat can weaken our determination.

THAI VIOLATIONS IN WEEK ENDING 24 OCT REPORTED

ME281221 Phnom Penh SPK in English 1136 GMT 28 Oct 85

[Text] Phnom Penh SPK October 28 -- Thailand perpetrated 943 acts of violation against Kampuchea's airspace, territory and waters in the week ending October 24.

Thai aircraft -- A-37's and L-19's -- conducted 33 spying flights over areas in Siem Reap-Oddar Meanchey and Battambang provinces, one to three kilometers from the border. The planes even strafed Poipet, an area in Battambang, with 20-mm gunfire.

On the sea, Thai vessels made 441 intrusions into the areas of Koh Kong and Koh Tang islands, six to 29 miles from the shore.

Big guns from Thailand staged 60 shellings on many areas in Battambang while many groups of Khmer reactionaries and Thai soldiers crossed the border into Kampuchea for sabotage activities. The revolutionary forces, however, strongly intercepted the intruders, putting 257 of them out of action and seizing 115 guns.

PROVINCIAL REPRESENTATIVES ADDRESS KPRP CONGRESS

Svay Rieng Delegate

BK241548 Phnom Penh Domestic Service in Cambodian 0430 GMT 23 Oct 85

[Address by Huk Lunsi, provisional Svay Rieng provincial party committee deputy secretary, at the fifth party congress -- recorded; date not given]

[Text] As our entire party, Armed Forces, and people launched an all-round emulation movement to make greater achievements for our beautiful land of Angkor, our Cambodian revolution brought about another historic political event attesting to the constant advance on the road of genuine Marxism-Leninism of our country's revolution with the convening of the KPRP's Fifth National Representative Congress.

The congress marks a turning point for our fatherland. It clearly proves that the Cambodian revolution has scored greater victories in all fields with each passing day, particularly in the 1984-85 dry season. It also attests that the revolutionary situation in Cambodia is definitely irreversible. It is a great honor for the Svay Rieng provincial party delegation representing the party, Armed Forces, and people in the province to attend this congress.

By 7 January 1979 -- the day of the great victory of the patriotic Cambodian people under the leadership of the Kampuchean national united front for national salvation and with the timely and effective assistance of the fraternal VPA -- the people in Svay Rieng Province, like the people in other parts of the country, had returned to their hometowns. At that time, numerous difficulties -- the bad things left behind by the genocidal Pol Pot regime -- constantly threatened the daily livelihood of our people. As a matter of fact, we suffered from separation, disease, fatigue due to hard labor, a diminished labor force, and shortages of draught animals, food, shelter, farm tools, and rice seeds. Moreover, thousands of hectares of rice field were covered with thick grass and tens of thousands of hectares of land were covered with mines and punji stakes planted by the Pol Pot clique. At the same time, the Pol Pot remnants in hiding stealthily conducted activities to sabotage our people's lives.

However, under the leadership of the KPRP and thanks to the invaluable assistance of the Vietnamese army volunteers, the Cambodian revolutionary power has been established. It has launched sweeping operations against the Pol Pot remnants and solved the food and health problems of our people. During the past 7 years, thanks to the great efforts to surmount all difficulties and obstacles made by our heroic people under the leadership of our party and thanks to the wholehearted assistance of the Vietnamese experts and sister provinces, Svay Rieng Province wears a new face as bright and beautiful as a blooming flower. It has been named by the Central Committee as a strong rear battlefield. More important, under the light of the resolutions of the fourth party congress and under the wise and clear-sighted leadership of the party Central Committee, our Svay Rieng Province has advanced firmly from one victory to another in all fields.

In the military field, we have swept up the remnants, destroyed the traitorous organizations of the enemy and killed or captured several important ringleaders of various traitorous groups. A number of enemy remnants and misled persons have surrendered to our revolutionary authorities. This has been important in preventing the enemy remnants from establishing support bases or centers for launching activities in our province. In addition to this success, our Armed Forces, people's police force, and militia units have developed and grown rapidly in terms of both quantity and quality.

Svay Rieng Province has also fulfilled and even over-fulfilled the plans to build the regular and regional forces. With the growth of the Armed Forces and police force, all people in the province have made significant contributions to the movement to seek out, destroy, and persuade enemy remnants to surrender to our authorities. Another outstanding feat of our people's efforts to fight and win is their successful fulfillment of the national defense labor tasks.

In agricultural production, our province's production drive of the past 7 years has had a satisfactory outcome. As a matter of fact, this year we were able to expand our planting acreage to more than 133,000 hectares. In 1979, we had only 36,000 hectares of crop land. Now crop output meets the demand of the people throughout the province. Moreover, we are able to sell thousands of metric tons of rice to the state every year. Another remarkable success of our effort to expand the cropping acreages for launching production by the people throughout the province is the removal of mines and punji stakes planted by the Pol Pot clique.

In the fields of public health, culture, and education, we have made tremendous efforts to rebuild hospitals, health centers, and infirmaries in all areas and localities, thus effectively ensuring health care and medical treatment for the people. The rotten culture of the old societies has been abolished throughout the province. The new socialist society and new socialist men have been born and are developing in all localities. Secondary schools have been rebuilt in provincial towns and townships while the primary schools are functioning in all localities. The anti-illiteracy campaign is progressing. On average, one of every four inhabitants now goes to school.

In building real revolutionary forces, we have now expanded the organizational apparatus at all levels. In particular we have strengthened the district and commune administrative apparatus. Another important point is that work throughout the province has resulted in party membership double that of 1979. In addition to the development of the party membership, we have established provisional district party committees. Meanwhile, the party chapters are taking deep root in all localities.

All the brilliant feats of Svay Rieng Province and all the great victories scored in all fields by the Cambodian revolution in the past 7 years were possible thanks to the correct and wise leadership of our party, the determination to follow the party lines of the people in all walks of life, and the invaluable assistance given us by the fraternal socialist countries in the world with the Soviet Union as the firm bulwark. These victories are inseparable from the sincere assistance, material and mental, of the fraternal Vietnamese Army volunteers. The victories scored by the Cambodian revolution during the past almost 7 years have reflect the rebirth of a nation which was destroyed from top to bottom and prove the party's creative ingenuity and its ability to apply Marxism-Leninism to the concrete conditions in our fatherland, thus making our revolutionary movement advance firmly step by step on the road to victory.

We would like to express full agreement with and firm confidence in the resolutions of the congress and pledge before the congress that we will make every effort and strive to surmount all difficulties and obstacles in order to stimulate all revolutionary tasks. In particular, we will make every effort to publicize the outcome of the congress and the congress' resolutions in an in-depth manner throughout our province, thus turning the resolutions of the fifth party congress into concrete activities in our revolutionary movement.

Kompong Speu Delegates

18240953 Phnom Penh Domestic Service in Cambodian 0430 GMT 24 Oct 85

[Statement by Chhun Yan, delegate of Kompong Speu Provincial Party Committee, to Fifth KPRP Congress -- recorded]

[Text] Kompong Speu Province is a region of jungle and mountains. This province has strategic communication networks running to various provinces including Koh Kong, Takeo, Kampot, Kompong Chhnang, and Kandal. It is cut by National Route 4. Moreover, Kompong Speu Province is a strong outpost for the defense of Phnom Penh. For this reason, the enemy has sought by all means to capture this region in his war to invade the country and overthrow the regime, using it as a support and springboard for attacks against Phnom Penh.

Starting from the above-mentioned important position and special character, our Kompong Speu provincial party committee has defined the noble and major task for the provincial party section, namely to attack the enemy and frustrate all enemy designs and psychological warfare maneuvers in order to contribute to the defense of Phnom Penh, the heart of the PRK. The entire party, Armed Forces, and people have always upheld a sense of revolutionary vigilance, strengthening unity into a single body and creating immense combined forces out of the military and political fields, the proselytization of the misled persons, and the development of the guerrilla-militia forces and the general militia forces. Maintaining a close cooperation with the Vietnam Army volunteers, we have launched a series of attacks against the enemy, fully defending and controlling the villages and communes close to the jungles and mountains, thus ensuring that the people become the true masters of their hometowns.

Beside the task of defending the fatherland, our provincial party section has also paid close attention to productive labor in order to provide for the people's needs, capitalizing mainly on rice growing. However, during past years, because of natural calamities and the province's shortage in agricultural equipment, especially hydraulic works, the results of agricultural production work have not been according to plan and rice yields have remained low for the past few years. Hence, the people's living conditions have experienced some difficulties, especially in 1984.

Stemming from these objective conditions, the immediate task of the provincial party section is to concentrate on agricultural production as the most essential issue. We plan for the period from the present to 1990 to cultivate rice on 100,000 hectares with an average yield of 2 metric tons of paddy per hectare, reaping a total of 200,000 metric tons of grain aimed at meeting the needs of the people and contributing to their duty of selling paddy to the state.

In principle and as planned, we will use intensive cropping and extra rice growing seasons as the key factor. In this endeavor, we plan to grow 20,000 hectares with an average yield of 3.5-4 metric tons per hectare. At the same time, we will continue vigorously to encourage and broaden land reclamation and, step by step, deeply introduce science and technology into production, proceed with the repair of irrigation projects, and energetically promote the use of short-term, high-yielding rice strains. At the same time, we will swiftly promote animal husbandry, tapping to the maximum all existing grazing lands, actively expanding the breeding of cattle and buffalo to provide for draft power and meat, and gradually advancing toward the raising of milk cows. In particular, the second advantage of the province is its forests rich in precious wood and timber. Therefore, the immediate task of the provincial party section is to decree the exploitation of forests as an important matter. In this sense, the goal of our party section is to provide for investment funds and productive means for exploitation so that this enterprise can become successful as planned. We will strive hard to meet the demands and quotas of the central committee, with surplus destined for export and the local needs in housing materials, all on the basis of the spirit of relying mainly on our own strength.

At the same time, we will continue to strengthen and expand solidarity groups for production by enhancing cooperation with our sister provinces and standing on the basis of vigorously promoting productive labor and implementing well the policy on private economy and production aimed step by step at raising the spiritual and material living standards of the population.

It is through the above two movements of attacking the enemy and increasing production that our provincial party section has been able to select model and active individuals tempered in the actual revolutionary movement and tested locally and to induct them into the party and core groups of the youth union.

The immediate task of the provincial party section is to strive to set up party chapters in two-thirds of the communes in the province and appoint party members in the remaining communes and to set up party chapters in companies at various districts, battalions of the provincial forces, hospitals, and schools. Though our province will still encounter many difficulties ahead and the tasks to be carried out in the future are colossal, thanks to the line of the congress resolutions and to the enlightened leadership of the party, and on the basis of the spirit of unity, mastery, and onward advance of the party section, armed forces, and people throughout the province enjoying the wholehearted assistance of the sister province, it is our firm belief that Kompong Speu Province will make a firmer step in the years to come.

Meanwhile, since Kompong Speu is a poor province, in order to fulfill this colossal task, we would like to vow to overcome all obstacles in order to fulfill all the resolutions of the Fifth KPRP Congress and to further strengthen and expand active cooperation with the central institutions and the sister provinces, requesting assistance from them such as investment funds, equipment, materials, and techniques and means for production so that the province can develop swiftly, meeting all requirements needed for the defense of Phnom Penh, the rehabilitation and development of the economic, social, and cultural fields, and the improvement of the people's living conditions.

Kandal Delegate

ME251430 Phnom Penh Domestic Service in Cambodian 0430 GMT 25 Oct 85

[Statement by Lim Thi, alternate member of the KPRP Central Committee and secretary of the Provisional Kandal Provincial Party Committee, at the recent 5th KPRP Congress; recorded]

[Text] After studying the content of the political report and the proposed amendments to a number of important points in the statutes of the KPRP presented by the party Central Committee, my delegation is extremely satisfied with and fully supportive of these two historic documents. Along with the victory of the whole country, my Kandal Province has also recorded many brilliant achievements in all fields. More outstanding is the building of the party and of the real force of the revolution.

My Kandal Province has several districts surrounding Phnom Penh, the heart of the Cambodian fatherland. For this reason, the enemies are very keen on infiltrating Kandal Province. Therefore, in the immediate future, we will strive to overcome all difficulties and use all combined forces in attacking the enemies to ensure the safety, political security, social order, and firm stability of the province, thus contributing even more actively to the defense of Phnom Penh and the whole country, and we will strive to rehabilitate and develop the economy, ensuring improved living conditions of the population.

In this sense, regarding production, we plan to mobilize forces to expand the three economic spearheads of the province's economic sector, namely agriculture, handicrafts, and fisheries.

We will see to it that in productive labor, the yields will increase steadily in order to provide for the everyday needs of the local population, fulfill our obligations vis-a-vis the state, and set up a fund for the construction of the province's material foundation. We will expand more vigorously the educational sector aimed at completely eradicating the danger of illiteracy among the masses in a step toward further education for the whole population. At the same time, we plan to raise the instructional quality at general education schools and increase the number of vocational and special skill institutes in the province.

Furthermore, we pledge to completely eliminate the corrupted, backward reactionary culture in order to carry on the movement to build a new type of family a new type of men, a new lifestyle, and a new countryside. We will strive to improve the health service in order to help improve the spiritual life of the people. We will continue efforts to carry out tasks to build the real force of the revolution so as to bring a qualitative and quantitative progress to all revolutionary forces throughout the province, thereby enabling the province's steadily growing strength to advance toward achieving success in all revolutionary enterprises all over the province.

In building the revolution's real force, we will further mobilize efforts to build up the military and police forces in order to enable these two forces to have all kinds of fighting forces and to maintain cooperation in combat so as to ensure protection for the party, state, and people.

As for the building of core groups of the youth union, we will create all local factors -- political and others -- to advance toward consolidating party leadership in all districts, bases, and localities. At the same time, we will pay great attention to constantly educating and tempering the body of cadres, especially key cadres, in order to turn them into fully trustworthy cadres who are capable of implementing well all revolutionary tasks.

Control Commission Member

ME261433 Phnom Penh Domestic Service in Cambodian 0430 GMT 26 Oct 85

[Address by Say Chhum, member of the KPRP Central Committee and member of the party Central Control Commission, to the fifth party congress; date not given — recorded]

[Text] Following the resolutions of the Fourth KPRP Congress which put forward the tasks to restore and develop national economy by stressing on the importance of the restoration of agriculture, the entire party, Army, and people have made every effort to increase the agricultural production. The agricultural sector has recorded great achievements and new development.

The most important achievement is that we have increased the rice acreage from 770,000 hectares in 1979 to 1,739,000 hectares at present. The annual average yield of paddy is about 290 kilograms per person. Under the leadership of the party and the state power at all levels our peasants have strengthened their will and determination to achieve the plan of transplantation, sowing, and broadcast of rice by implementing the measures to increase vigorously the agricultural production in the rainy season and to prepare for the production in the forthcoming dry season. It is necessary to note that our people have paid attention to the implementation of agricultural technique, especially the intensive cultivation technique. Furthermore, they know how to select seeds and use fertilizers. This is a factor which gives us hope that the yield of paddy will certainly increase. The production of subsidiary food crops and industrial crops particularly tobacco, jute, and all kinds of beans, has increased every year.

In parallel with the cultivation of crops, the production in other fields has steadily increased in the past 7 years. The field of animal husbandry has developed quickly. The exploitation of forestry can serve the needs of the country, and there are exports of forest produces. Forestation has been carried out this year. The quantity of fish captured in rivers, lakes, ponds, and in the sea has steadily increased every year. The contributions from fishermen and the production of fishery, especially the production of dried fish, have been carried out well with satisfactory results. Moreover, this has provided good experience for the implementation of the plan for the forthcoming fishing season and for the future.

In parallel with various achievements in the fields of production and exploitation, the training of agricultural technicians has also intensified. The concrete results are the opening of a high institute of agricultural technique and a school of agricultural technique. The construction of the material and technical bases in the agricultural fields has been carried out to serve the needs of the production and exploitation and to study and do research on advanced sciences and technique. The trade relations in the agricultural field have been changed step by step aimed at advancing toward the building of socialist production. The shortage of the production has been eliminated. Various fishing solidarity groups were reorganized and strengthened as model groups in a number of localities in Battambang Province. We also plan to organize and strengthen fishing solidarity groups in provinces around Tonle Sap Lake and coastal provinces. Forestry solidarity groups have been improved and strengthened.

These successes have a profound significance. First of all, we solved the problem of a serious famine left over by the Pol Pot genocidal regime, and we have stabilized the people's life. The successes have contributed to the restoration and development in other fields. In particular, these they have strengthened the belief and confidence of the people in our new regime. Furthermore, these successes have shown the awareness of the peasants class which has the rights to be the master of the collectivity and has worked hard and has improved and intensified the production. Especially, the collective peasants have founded solidarity production groups following the policies of the party and state.

Our peasants have shown their patriotism by selling paddy to the state in accordance with the plan and even over the plan. These successes are due to the correct and clear-sighted leadership of our party and state. They brilliantly reflect the patriotic, valiant, and courageous spirit of our peasants who have sustained difficulties, struggled, and worked hard for increasing agricultural productions. These successes are also the results of the efforts of the entire agricultural field combining with the cooperation of all branches and levels of the state power as well as the great and noble assistance from various fraternal socialist countries, particularly that of Vietnam, Laos, the Soviet Union, and other international organizations.

Concurrently, agricultural cadres from the central to the localities were trained and developed in the political and technical fields. They are loyal to the party and the revolution. The building of the party, core groups, alliance, and mass organizations has been strengthened and developed steadily.

We are optimistically confident in the various resolutions of the fifth party congress which will lead our country's revolution toward a new period of development. We will continue to raise aloft the banner of genuine patriotism and international socialist solidarity. We will continue to strengthen the bond of special relationship among the three countries and the three Marxist-Leninist parties on the Indochinese peninsula aimed at achieving more great victories in the cause of the defense of the fatherland and the construction of our country advancing step by step toward socialism. We will strengthen the revolution on the Indochinese peninsula actively contributing to the struggle for peace, stability, and cooperation in Southeast Asia and the struggle for national independence, democracy, peace, and socialism of peoples throughout the world.

We would like to express our profound gratitude to the party. We are determined to make every effort to defend and maintain and to be always loyal to the revolutionary cause. We pledge to strengthen the solidarity around the KPRP. We are determined to overcome all difficulties, and we are always ready to make all sacrifices to raise aloft the banner of victory of the Cambodian revolution.

We pledge to make every effort to implement well all lines, policies, and resolutions of the fifth party congress. In particular, we are determined to make every effort to increase the restoration and construction of important hydraulics networks combining with local hydraulics buildings. We pledge to make every effort to reclaim new land, implement technique in agricultural production, increase intensive crops cultivation, and increase planting seasons in order to reach the target of more than 3 million metric tons of foodstuff in the future. We will make every effort to increase the exploitation of forests to reach the target of over 200,000 cubic meters, excluding timber exploited with cooperation of fraternal socialist countries, particularly Vietnam. We will make every effort to increase the fishery production to reach more than 130,000 metric tons per year by 1990.

KPRP MEMBERS GATHER TO CELEBRATE CONGRESS

Meeting in Battambang

BK241254 Phnom Penh SPK in English 1121 GMT 24 Oct 85

[Text] Phnom Penh SPK October 24 -- A big meeting has recently been organized in Battambang Province to celebrate the success of the just ended fifth congress of the People's Revolutionary Party of Kampuchea. Addressing the meeting, Ke Kimyan member of the P.R.P.K. Central Committee and secretary of the provincial party organization and chairman of the provincial people's revolutionary committee, made known the brilliant success of the party congress which, he said, was an important event in the political life of the party both at home and abroad.

Recalling the difficulties the party had overcome in the past years to achieve successes in all fields and to defeat enemy schemes, Ke Kimyan stressed that the implementation of the revolutionary tasks in the past was a lesson for the new stage in defending the country and the revolutionary gains. He hailed the victories recorded by the local armed forces and population in the light of the resolution of previous congresses and urged for greater efforts in translating the resolution of the latest congress into concrete actions, especially in agricultural production. Representatives of the people and the Army at the meeting pledged to carry out the new party resolution in order to obtain still bigger success. A similar meeting was also held in Kompong Chhnang Province, 90 km northwest of Phnom Penh.

Kompong Speu Meeting

BK251416 Phnom Penh Domestic Service in Cambodian 0430 GMT 25 Oct 85

[Text] The provisional party committee of Kompong Speu Province recently organized a grand meeting at the provincial theater hall to celebrate the brilliant success of the party's fifth national representative congress. Comrade Say Chhum, member of the KPRP Central Committee, member of the KPRP Central Committee's Control Committee, stressed a number of points about the preparations for and proceedings of the congress, showing the development of the ranks of the party members during the fifth party congress. He further affirmed the significance of the political report which reflects the importance of the unity and one-mindedness of the whole party, Armed Forces, and people in the promotion of all-round development during the 1986-1990 period. He also stressed the role played by the invaluable assistance of the parties and peoples of fraternal countries, especially Vietnam, Laos, and the Soviet Union.

After raising a number of essential issues contained in the resolutions of the congress and reading the results of the election of the fifth party central committee, Comrade Say Chhun appealed to all meeting participants to enthusiastically emulate and celebrate the brilliant success of the fifth party congress. At the end, representatives of the meeting participants took the floor to express elation and pride at the all-round grandiose successes of the Cambodian revolution during the past 7 years and joy over the magnificent success of the congress. Every representative expressed firm confidence in the new party Central Committee elected by the congress and pledged to spare no efforts to fully implement all resolutions of the party congress.

Nguon Nheal Attends Meeting

BK261306 Phnom Penh SPK in English 1127 GMT 26 Oct 85

[Text] Phnom Penh SPK October 26 -- A 1,000 strong meeting praising the success of the Fifth Congress of the People's Revolutionary Party of Kampuchea has been held at the textile factory 1 at Pocheutong in a western suburb of Phnom Penh. The main speaker at the meeting was Nguon Nheal, alternate Politburo member of the P.R.P.K. Central Committee and secretary of the Phnom Penh party committee, who laid stress on the fast development of the Kampuchean revolution on the basis of Marxism-Leninism and proletarian internationalism. He attributed this development not only to the Kampuchean people's firm confidence in the correctness of the party's guideline and the efforts of the entire people and Army in the national construction and defense but also to the consolidation of the militant solidarity among the three Indochinese countries and other fraternal socialist countries. He concluded by urging the participants to do their utmost in implementing the resolutions set by the congress.

Information Ministry Meeting

BK270849 Phnom Penh Domestic Service in Cambodian 1300 GMT 26 Oct 85

[Text] On the morning of 25 October at the Phnom Penh movie hall, the Information and Culture Ministry held a meeting to welcome the success of the KPRP's fifth national congress. Attending the meeting were ministers, deputy ministers, party members, core groups, youth union members, and about 1,600 cadres and workers of the ministry.

Comrade Chheng Phon, candidate member of the party Central Committee and minister of information and culture, spoke and stressed the party's political report by saying that the development of the KPRP during the past almost 7 years was based on Marxist-Leninist principles. The comrade also stressed the true democratic principles involved in the unanimous decision of all 22 regional parties in the search for genuine benefit for the people. The comrade said that development of the party is based on the resolute fighting spirit and firm confidence of the masses, people, and Army in scoring great results in the tasks to defend the fatherland and revolutionary gains, particularly in the strengthening of the bonds of solidarity among the three Indochinese countries and with fraternal socialist countries.

The comrade called on all cadres and workers to strive to implement the resolutions adopted at the party's fifth congress. On this occasion, a representative of the meeting read a pledge by party members, core groups, youth union members, and cadres and workers of the Information and Culture Ministry to welcome and successfully implement the resolutions of the party's fifth congress.

PROSPECTS FOR TRADE WITH SOVIET UNION VIEWED

U.S. Protectionism Cirad

BK241024 Bangkok SIAN RAT in Thai 24 Oct 85 p 3

[Editorial: "The Soviet Union -- A New Market"]

[Text] On 22 October a Supreme Soviet delegation led by Vice President of the Supreme Soviet Presidium Akil Salimov called on the Thai Parliament president, Dr Ukrit Mongkhonawin at the Thai parliament. Ukrit disclosed to newsmen afterward that the Soviet delegation expressed great interest in Thai textiles and sports shoes. The Soviet delegation even asked him to show it Thai factories. The delegation later called on Prime Minister General Prem Tinsulanon, at which time the head of the delegation also suggested an increase in bilateral trade.

This shows that both countries are interested in promoting bilateral trade, but what concrete actions will be taken remains to be seen.

The Soviet delegation's interest in Thai textiles and sports shoes coincides with U.S. plans to enact a law limiting the export of textile products which, if carried out, would strongly affect Thai textile manufacturers. Therefore, the Commerce Ministry should urgently explore with the Soviet Union the prospects for such Thai products. Exports of any quantity to the Soviet Union would certainly help alleviate the plight of our textile industry. With luck, the Soviet Union could become a new market to replace the lost U.S. market.

Although Thailand and the Soviet Union now enjoy diplomatic relations at the ambassadorial level, Thai-Soviet relations have not prospered due to the Soviet support for Vietnamese aggression against Thailand. However, we do not want this issue to become an obstacle to stronger Thai-Soviet trade relations in case we succeed in expanding our market in the Soviet Union, which is quite a big market. The government should review relations with the Soviet Union because this could enable it to forge greater bargaining power with the socialist bloc.

Soviet Natives Questioned

BK260926 Bangkok SIAN RAT in Thai 25 Oct 85 p 2

[Chaiwat Yompiam article: "Moscow Is Going To Buy Thai Textiles"]

[Excerpt] The recent visit to Thailand of the Supreme Soviet Presidium delegation, led by Presidium Deputy Chairman Akil Salimov, was unexpectedly successful. The Thai press covered it extensively. SIAN RAT carried an editorial, a report, and a column on the visit. Thai press coverage essentially concerned the Soviet interest in buying Thai textile products, which are facing problems entering the U.S. market, and as a result of which many workers will lose their jobs and the country will lose a considerable amount of income. Many are hoping that the Soviet Union will become a new market for Thai textiles. Of course, if this materializes, the United States can hit back with a vengeance by passing a law limiting textile imports from its little friend. But will Moscow continue to buy Thai textiles in the long term at the prices our salesmen were able to get from U.S. importers? The fact is that Moscow has many satellite countries that produce textiles, and many of them owe the Soviet Union so much money that Moscow will find it cheaper to buy from them than to use dollars to buy from Thailand.

Lately, the Soviet Union has exerted great political efforts in Southeast Asia, particularly toward the ASEAN countries, whose relations with it have been cold for the past 6 years or so because of its support for the Vietnamese military occupation of Cambodia.

Thailand is a frontline state in the tense confrontation between the Indochinese and ASEAN states. The Soviet delegation's interest in Thai textiles probably is shrouded with political motives. Thailand must exercise special care in trading with the backer of the country confronting it on its eastern border. This suspicion of the Soviet Union could be eliminated if Moscow were to encourage trade contacts between Thailand and the neighboring Indochinese countries -- which could use and become a big market for Thai textiles -- by telling Vietnam to withdraw from Cambodia. This would not be difficult, and would it not be better for Moscow to do so?

In any event, a source reported that another Soviet delegation, led by Vice Premier Yakov Ryabov, plans to visit Thailand en route to Indonesia to sign a hospital construction agreement. The Thai Foreign Ministry, possibly for the reasons we discussed earlier, has shown clearly that it is not ready to receive the delegation. There seems to be too many visits in succession, while all this time the Soviet Union has paid little attention to situations concerning Thailand. Yes, no one wants to receive a succession of typhoons.

Labor Urges More USSR Trade

RE208129 Bangkok THE NATION in English 28 Oct 85 pp 1, 2

[Text] The Labour Congress of Thailand (LCT) will this morning organize a rally in front of the Government House to urge the Prem Government to do more trading with the Soviet Union as a counter-measure to the U.S. embargo on Thai garments.

Vice President of LCT Thanong Pho-an told THE NATION that about 500 workers will take part in the demonstration during which a letter supporting a free trade policy will be submitted to Premier Prem Tinsulanon. "We should trade with all countries, regardless of their political ideologies," Thanong said.

He said the embargo imposed on Thai garments by the U.S. recently and the protectionist Jenkins bill would render more than 100,000 workers jobless. He also quoted textile and garment industrialists as predicting that more than 20 percent of workers in the industry may face lay-offs as a result.

The call by LCT for Thailand to intensify its trade ties with the Soviet Union came after a high-ranking Soviet delegation had proposed to import ready-made garments from Thailand. Thanong said LCT believes that Thailand should trade more with the Soviet Union. "We should trade with every country which has the cash to pay for our products. Security and economy are separate issues," he added. Thanong said the Soviet Union recently imported about 20 million baht worth of Thai products.

Thanong said Thailand should not try to stop the passage of the Jenkins bill because it would not be successful. While strongly criticizing the U.S. embargo on the import of Thai garments, Thanong said Thailand should adopt retaliatory measures as many other countries would do. "One of them is to trade with the Soviet Union," he said. He said Thailand should also cut back imports from the U.S. and at the same time step up the "Buy Thai" campaign.

Thanong said the letter to be handed over to Premier Preu will also call on the government to find measures to help the affected textile and garment industries.

Premier Preu last week told the head of the visiting Soviet parliamentary delegation, Acil Salimov during a meeting at the Government House that the two countries should increase trade ties. But Secretary General of the National Security Council Prasong Sunisiri appeared to be cautious of improved relations with the Soviet Union for security reasons. He raised objections to the Soviet proposal to set up a Thai-Soviet friendship association.

ALLEGED COUP PLOTTERS PLEAD NOT GUILTY

SK260258 Bangkok BANGKOK POST in English 26 Oct 85 pp 1, 20

[Text] Some 32 coup suspects pleaded not guilty at the Criminal Court yesterday to charges of conspiring to commit insurrection and assembling forces and arms for rebellion. The remaining eight, including ex-supreme commander General Soom na Nakhon, former prime minister Kriangsak Chamnan, former deputy army commander-in-chief General Tot Thephataadin na Ayutthaya, former deputy supreme commander ACM (Air Chief Marshal) Krassae Intharat, Ahmad Khanthethong, Sawat Lukdot, Itsara Nganrot and Prathin Thanrongchoi, will be formally charged on Monday.

Appearing in court to hear the charges yesterday were Deputy Supreme Commander ACM Arun Phromthep, Lt Somphong Chaeng-im, Lt Rakkiat Phanchat, Lt Suwat Chanranaat, warrant officers Somchai Yenchai, Bankit Chumchit, Phaphon Wannasut, Sanit Sonthat, Wichien Worschai Somoun Krachangson, Loetchai Thongthiangtham, Pin Phusi, sergeants Suchin Sukprasoet, Phaisan Khanprasat, Corporal Suchat Pakhochon, Lance-Corporal Noi Saamoli, flight-lieutenants Ekkarat Suranurak, Wutthichai Nankham, Prakit Sakunsing, flying officers [FOs] Sakait Prachanthesari SAM-ABO Phloenhat, Dusit Michai, captains Denduang Thimwattana, Phisut Saengwong, Cha Sising, Lieutenant Son Lankhunthot, MO Kamm Charoentriplop, Saman Ngamsanit, Nun Suthinpuak, Somphong Stakawi, Somchai Sisunthonwohan and Suchat Bunrot.

Fourteen of the defendants belong to the Fourth Cavalry Battalion of the Royal Guards based in Bangkok, one is a member of the Third Cavalry Regiment based in Petchabun, while five others are based in Saraburi and six belong to the Security Force and Communications Department. Nine are civilians and one an assistant professor.

Presiding at the trial was a panel of three judges headed by Thirasak Kannasut, deputy chief justice of the Criminal Court.

The prosecutor charged that between August 1 and September 9, the 20 defendants, Lt Somphong Chaeng-im, MO Phalaphon, Sanit, Wichien, fit-its Ekkarat, Wutthichai, Prakit, FOs Sakait, Sam-ang, Dusit, captains Denduang, Phisut, Chat, Lt Son MO Kamm, Ahmad, Sawat, Nun, Somphong and Somchai and the other suspects who are still at large had mobilised retired and active-duty troops of the Fourth Cavalry Battalion, Third Cavalry Regiment, Anti-Aircraft Artillery Battalion of the Air Force Security Force and Communications Department and had assembled large quantities of arms, tanks and ammunitions for the purpose of committing insurrection.

It was also charged that from midnight of September 9 until midday the following day, the 40 defendants abducted ACM Praporn Thupathemi, the Air Force commander-in-chief, and held him at the rebels' headquarters at the Supreme Command. They also forced Praporn Sakonbut, Mrs Saisai Bupphachat and others to read out the rebels' statements on Radio Thailand, ordering troops, police and civilians to stay calm and remain in their positions, according to the prosecutor.

Furthermore, the prosecutor charged that the defendants also forced Mrs Thawon Chantharathai, an official of the Bangkok Mass Transit Authority, to dispatch buses to pick up labourers from various factories and send them to the Royal Plaza "all for the purpose of subverting and changing the Constitution."

The prosecutor named General Sern as leader of the abortive coup and gave the following details of the damage to life and property caused by the rebels: 14.4 million baht in damage to government property, 2.1 million baht in damage to property of state enterprises and private individuals, five deaths and 31 injured, 17 of them seriously.

In the suit, the prosecutor also demanded additional penalties for one of the defendants, Prathin Thammangchoi, claiming he had earlier been convicted of libel and sentenced to two months' imprisonment.

After reading out the charges to the 32 defendants, Judge Annuai Sukphon asked whether any of them who wished to plead guilty should raise their hands. None did so and he then asked whether any of them wanted the court to arrange lawyers. Six of the defendants -- Fit-Its Ekkarat, Nutthichai, Prakit, flying officers Saksit, Sam-ang and Dusit -- said they wanted the court to arrange lawyers. The court set the date of the first hearing on December 4.

A police source said ACM Arum, the most senior officer charged yesterday, was later taken to the special branch for detention, where he joined the other four retired generals who have been held there since last month.

The source said a request for bail by General Yos was rejected by the court, reasoning that the charges were serious.

COMMUNISTS SO DECIMATED THEY 'CAN NEVER RECOVER'

BK251139 Bangkok MATICRCS in Thai 25 Oct 85 p 2

[Text] Colonel Akkhadet Kanitthanon, representative of the Internal Security Operations Command, disclosed on 24 October that continuous suppression operations have so decimated the Communist Party of Thailand (CPT) that it can never recover, although it has been attempting to launch new political offensives such as being on good terms with the authorities and sending its men to seek election as members of provincial councils in some provinces.

He revealed that the CPT's armed operational strength in all parts of the country totals only 456 to 620 -- 80 to 100 in the north, 50 to 55 in the central region, 85 to 115 in the northeast, and 250 to 340 in the south.

Regarding the Phak Mai Party, he said it is now active in areas along the Thai-Lao border of Nam Pat District in Uttaradit Province, Chattrakan District in Phitsanulok, and Tambon Thung Luilai of Khoen San District, Chaiyaphum Province. The new communist party has approached pro-Chinese communist insurgents, and it is reported that some pro-Chinese insurgents in Nan and Phitsanulok provinces have agreed to accept support from the party.

FOREIGN MINISTRY SPOKESMAN ON THAI 'SLANDER'

BK281538 Hanoi Domestic Service in Vietnamese 1440 GMT 28 Oct 85

[Text] On 28 October 1985, the SRV Foreign Ministry spokesman released the following statement:

In recent days, the Thai authorities spoken of the so-called Vietnamese troops' incursion into Thai territory and the capture of some Thai soldiers. The SRV Foreign Ministry once again asserts its unwavering policy of always respecting the sovereignty and territorial integrity of Thailand. On the contrary, in the past 7 years, Thailand has never stopped letting the Pol Pot remnant troops use Thai territory as a sanctuary to oppose the revival of the PRK.

According to SPK, from 10 to 17 October 1985 alone, Thailand violated Cambodian airspace 19 times, Thai ships and boats operated illegally 301 times in Cambodian waters, around the Koh Kong and Koh Tang islands, and Thai troops shelled Cambodian territory 43 times, hitting several areas along the western border of Battambang Province. More seriously, according to SPK, on 5 October 1985, Thai troops infiltrated (Koh Kebiet) village, Thmar Puek District, Battambang Province.

On 23 October the Cambodian news agency SPK reported that KPRDF troops had arrested three Thai soldiers when they intruded into Cambodia on 5 October 1985 in the aforementioned area. The PRK has a legitimate right to defend itself and to retaliate against all Thai attacks violating the Cambodian territory, including the right to capture all illegal intruders on Cambodian territory.

The Vietnamese volunteer troops in Cambodia have not captured any Thai soldiers on the Cambodian soil. On 21 October, the SRV chargé d'affaires in Thailand affirmed to a representative of the Thai Foreign Ministry Vietnam's respect for Thai territory and the fact that Vietnam has not captured any Thai soldier on Cambodian territory.

The Thai leadership's slanderous allegations about Vietnam's violation of Thai territory and capture of Thai soldiers is, in fact, aimed at concealing the Thai leadership's permission for the Pol Pot clique to stay in sanctuaries on Thai territory to oppose the Cambodian people and the violation of Cambodian territory by Thai troops.

THAI AMBASSADOR TOLD OF RELEASE OF FISHERMEN

BK281619 Hanoi VNA in English 1534 GMT 28 Oct 85

[Text] Hanoi VNA October 28 -- In furtherance of the Vietnamese Government's clemency policy, the people's committees of the southwesternmost province of Kien Giang and the Vung Tau-Con Dao Special Sector have decided to release 307 Thai fishermen who had encroached upon Vietnam's territorial waters during their fishing voyages.

This decision was made known to the Thai ambassador to Vietnam on Oct 24 by the head of the Vietnamese Foreign Ministry's Consular Department.

The Vietnamese diplomatic official informed the Thai ambassador of the time scheduled for the release Nov 20 and warned him of an increasing number of Thai fishing vessels infringing on Vietnam's territorial waters over the past few months.

The Thai ambassador thanked the Vietnamese Government for the decision. He said he would pass the information onto the Thai authorities.

U.S. OPPOSITION TO AFGHAN REVOLUTION NOTED

MW250825 Hanoi VNA in English 0720 CNT 25 Oct 85

["Afghan Revolution Irresistibly Goes Forward" -- VNA headline]

[Text] Hanoi VNA Oct. 25 -- The U.S. imperialists and reactionary force are stirring up a campaign of hostility against the Afghan revolution. At the United Nations' forum in New York, delegates of the United States, China and Pakistan have taken turns to distort the situation in Afghanistan. They produced all kinds of false evidence and the so-called "repression of Islamic believers in Kabul" and clamoured for "the restoration of human rights in Afghanistan".

U.S. newspapers say that the United States' aid for Afghan rebels in 1985 will double that in 1984. Encouraged and backed by the United States and China, the Islamabad administration is pushing up its hostile activities against Afghanistan. In the first half of October, Pakistan many times fired artillery on population areas along the southeastern border of Afghanistan. Many groups of Pakistani commandos intruded into Afghan territory for sabotage activities.

The U.S. magazine NEWSWEEK has pointed out that China is one of the countries most active in supporting the rebels against the Democratic Republic of Afghanistan. China is maintaining close ties with Pakistan in the supply of weapons and food for the dissident Islamic organizations in Afghanistan.

But the United States, Pakistan, China and other hostile forces in the region have failed to prevent the advance of the Afghan revolution. All their schemes and acts of sabotage aimed at overthrowing the revolutionary administration have been discovered and punished. The revolutionary army and security forces working closely together have succeeded in their sweep operations, killing or capturing hundreds of rebels and seizing many weapons. Slanders and distortions at the United Nations can deceive nobody. In spite of frantic efforts of the enemies, the new life continues to blossom in Afghanistan. All acts of aggression against Afghanistan by the United States and its followers will be defeated.

CPV, GOVERNMENT SUPPORT WARSAW PACT STATEMENT

MK281512 Hanoi Domestic Service in Vietnamese 1435 CNT 28 Oct 85

[Text] The CPV Central Committee and the SRV Government today issued a statement on 23 October 1985 statement by the conference of the Political Consultative Committees of Warsaw Pact member countries. The statement said:

The conference of the Political Consultative Committees of Warsaw Pact member countries which was recently held in Sofia, issued an important statement clearly pointing out the urgent tasks of struggling for peace, eliminating the danger of a nuclear war, preventing the militarization of outer space, ending the arms race, carrying out disarmament, improving the situation in Europe and the world, and bringing international relations back to the process of detente and cooperation for mutual interests on the basis of peaceful coexistence.

Faced with the present very tense world situation caused by U.S.-led belligerent imperialism, the new important initiatives of the Warsaw Pact member countries once again vigorously reflect the unwavering peace-loving foreign policy of the socialist communist countries.

The principled stand and good-will attitude and the determination to do the utmost for peace and social progress respond to the most vital interests and most cherished aspirations of all nations in the world. The Communist Party, Government, and people of the SRV warmly welcome and fully support the 23 October 1985 statement by the conference of the political consultative committees of Warsaw Pact member countries; support the correct stand of the Warsaw Pact member countries, especially the realistic and important initiatives recently put forward by CPSU Secretary General Gorbachev which are aimed at attaining positive results at the coming USSR-U.S. summit, helping ease tension in Europe and the world, ending the arms race, advancing toward disarmament, eliminating the dangers of war, and maintaining lasting peace on earth.

The Vietnamese people, with their will to struggle for peace, friendship, and cooperation among nations in the world, will never stop struggling for the cause of consolidating peace, opposing the dangers of war, building Southeast Asia into a zone of peace, stability and cooperation, and contributing to the consolidation of peace in Asia and the Pacific area.

The Vietnamese people are firmly convinced that if all the forces of peace and progress in the world closely unite, positively act, and resolve to struggle, the nuclear disaster will be prevented, thereby guaranteeing the most sacred right of nations -- to live in peace, independence, and freedom.

COUNCIL OF STATE COMMUNIQUE ON 28 OCT SESSION

BK290122 Hanoi Domestic Service in Vietnamese 2300 GMT 28 Oct 85

[Council of State communique on its 28 October session]

[Text] On 28 October the Council of State held a regular session under the chairmanship of Comrade Le Thanh Nghi, vice chairman and general secretary of the Council of State. Nationalities Council Chairman Hoang Truong Minh attended the session.

1. The Council of State heard the Council of Ministers report on the recent repeated natural calamities which caused heavy losses to many provinces, with Binh Tri Thien being the hardest hit. The Council of State cordially extends its compliments to the compatriots in the areas affected by natural calamities and expresses hope that with the solicitous care of the party and the state, with the mutual assistance of various localities and sectors throughout the country, and with international assistance, our people in the area affected by natural calamities will soon be able to restore their production and life. Let our compatriots nationwide strive to carry out productive labor with highest efficiency and to practice thrift in order to make up for losses caused by natural calamities.

2. The Council of State heard a report on the official friendship visit to the Czechoslovak Socialist Republic, the People's Republic of Hungary, and the German Democratic Republic of our National Assembly delegation led by Chairman Nguyen Huu Tho. The Council of State highly appraised the fine results of this visit, viewing this as a contribution to enhancing the solidarity, friendship, and all-round cooperation between the people and the National Assembly of Vietnam and the peoples and the national assemblies of these fraternal socialist countries.

3. At the recommendation of the Council of Ministers, the Council of State decided to ratify a CEMA agreement on legal authority, prerogatives, and immunities.

4. The Council of State decided to convene the 10th meeting of the seventh National Assembly in late December 1985.

5. The Council of State decided on certain matters concerning juridical work of the Supreme People's Court.

MARCOS HOLDS COMMAND CONFERENCE ON INSURGENCY

NK280433 Manila METRO MANILA TIMES in English 27 Oct 85 pp 1, 5

[Text] The government campaign against communist insurgents got a big boost yesterday when President Marcos ordered the release of P507 million to beef up the Armed Forces of the Philippines (AFP). The amount will be used to refit and deploy five new operational battalions of the AFP which has intensified its drive to clear the countryside of communist New People's Army (NPA) rebels. The release of the amount was one of several steps taken by the President during a command conference at Malacanang which assessed the progress of the anti-insurgency campaign. The conference was attended by ranking defense and military officials.

The deployment of five new battalions follows the completion of a massive retraining program that saw a large part of the armed forces hone their combat skills to effectively meet the communist threat. The President said the additional amount and the deployment of five new battalions would partly make up for the slack in AFP strength in the past year as a result of large reduction in the defense budget. The Chief Executive also directed the organization of special constabulary companies that could be deployed at a moment's notice to repel enemy attacks, especially in areas where regional unified commanders and regional commanders may need immediate reinforcements.

This means that more PC troops, largely engaged in law-enforcement and investigation activities, would now be fielded against communist rebels. At present, about one-third of the constabulary men are already assigned to fight insurgents. In many areas, special reaction companies supporting the army troops have already been deployed, including elite units of the Integrated National Police.

Even as the government put more teeth into the anti-insurgency campaign, the President said the government would pursue its policy of national reconciliation to attract NPC rebels, including their mass base supporters, to return to the fold of the law. He said a presidential committee created under Executive Order 1048 would now implement a rehabilitation program for NPA surrenderers to facilitate their reintegration into society as peaceful and productive citizens. The rehabilitation program for former NPA rebels and their mass base supporters would be similar to the program involving former members of the Moro National Liberation Front who made common cause with the government. The President said rehabilitation for NPA rebels had become necessary as NPA rebels continued to surrender in droves. Since the start of the year, about 300 NPA regulars with about 250 assorted firearms had surrendered, besides the thousands of their mass base supporters.

Last Friday night's command conference followed a similar conference in June where the need for raising the capability of the AFP was stressed. The President assessed progress made in the past several months on the areas of transportation, communication, liaison among AFP units and better discipline. He also stressed the need to speed up decision-making within the organization by giving field commanders greater flexibility in coping with the changing situation in their respective areas.

Among those present during the meeting were Defense Minister Juan Ponce Enrile, Deputy Defense Ministers Isidoro Castro, Jose Crisol and Carlos Cajelo, who is also a member of parliament.

The top brass were led by Lt. Gen. Fidel Ramos, AFP acting chief of staff; Commodore Serafico Martillano, temporary deputy chief of staff; Maj. Gen. Josephus Rama, chief of the Army; Maj. Gen. Vicente Piccio, chief of the Air Force; Rear Admiral Simeon Alejandro, chief of the Navy. Also present were the regional unified commanders, constabulary regional commanders, staff officers of the general headquarters, and officials of the Ministry of the Budget.

GOVERNMENT SOURCES CITED ON MARCOS-LAXALT TALKS

ME290332 Manila BUSINESS DAY in English 28 Oct 85 p 12

[By Tara S. Singh]

[Text] The closed-door Marcos-Laxalt talks in Malacanang recently produced a spate of speculations indicating that the Marcos regime "has agreed to some sort of commitment" to stabilize the political and economic conditions in the Philippines. Sen. Paul Laxalt (R-Nevada), a personal friend of President Ronald Reagan, was sent to the Philippines with a message of concern on the worsening economic, military and political conditions. Government sources revealed that some of the "agreed commitments" to which Marcos has consented to were:

Allow U.S. observers during the local elections next year and the scheduled presidential elections in 1987. (Philippine elections are notorious for corruption, terrorism and other irregularities, observers said.)

Continue to institute reforms in the military by stopping corruption by some top officers, favoritism and "professionalizing its core of officers." These reforms are seen to boost the government's campaign against insurgency.

Allow the U.S. to modernize the American military facilities in Clark Air Base and Subic Naval Base and "tone down the agitations against the dismantling of these bases." [sentence as published]

Allow more Americans and other foreign news organizations to observe and report on Philippine political and economic conditions. (Marcos admitted that one of the weakness of his government is public relations.)

However, the Marcos-Laxalt talks did not end all in agreement. A case in point is the reinstatement of Gen. Fabian Ver as Armed Forces chief of staff. Marcos and Laxalt discussed the possibility of "public concern" about the possibility of Ver reinstated. The U.S. senator said Ver's reinstatement might create a "high point" with both the Philippine and American public. It was hinted that a possible cutoff or reduction of U.S. aid to the Philippines is a big possibility.

But Marcos is emphatic on Ver's reinstatement because he said he has "to honor a commitment." Marcos in several public utterances said that "Ver will be reinstated in his AFP [Armed Forces of the Philippines] post if acquitted" in the current Sandiganbayan trial of the assassination of opposition leader Benigno S. Aquino Jr. The President also cited an earlier agreement between Ver and the senior AFP officers, that if Ver is acquitted he should be reinstated as AFP chief of staff as a matter of justice. Ver has been on leave from his AFP post since the Tamdbayan charged him and 25 others with involvement in the Aquino assassination. A verdict on the Aquino case is expected soon.

On the economic front, the source said Marcos sought the assistance of the "good office of the American presidency" to give a little help to accelerate the needed financing package for the Philippines pending before the International Monetary Fund and the World Bank.

Marcos also reiterated to Laxalt that his government has already effectively dismantled the sugar and coconut monopolies and returned them to the private sector. He said these two industries have already been deregulated and free market forces prevail. Marcos also said the government will not engage in or foster other monopolies.

CASTRO DENIES ARMED FORCES DEMORALIZATION

HK250807 Manila BUSINESS DAY in English 24 Oct 85 p 22

[Text] The Armed Forces of the Philippines [AFP] is not hit by widespread demoralization, and business monopolies by so-called presidential crony-capitalists is not a main feature of the economy as charged by critics of the Marcos regime, acting Foreign Minister Pacifico Castro said in Washington last Monday. Castro was apparently responding to claims made by former senator Raul Manglapus, founder of the Movement for a Free Philippines in a televised interview a few days earlier that "widespread demoralization and corruption" in the AFP will trigger a planned "defection" of officers to the opposition.

Castro told the World Affairs Council of Washington D.C. that the Philippine military is "in top fighting form and remains a disciplined, organized, and effective force against communist insurgency." He pointed out that the AFP differs from the armed forces of many developing countries which are wont to seize power from civilians. The AFP is committed to the principle of civilian supremacy, he insisted, and "is therefore highly unlikely that the Philippine military will attempt to stage a coup d'etat as the Thai military tried to do recently in Bangkok."

The Marcos critics who see crony capitalism in the Philippines fail to consider that the biggest business concerns in the country are mostly those of multinational corporations, he said. He cited BUSINESS DAY's listing of the top 1,000 Philippine corporations which shows this pattern. "The Philippines has a free enterprise economy which is not under the oligopolist control of the so-called cronies of the President," Castro asserted.

He also said the Philippines is taking "adequate" security measures to ensure the U.S. bases here are protected against terrorist attacks. But, he pointed out, "no U.S. military facilities overseas are immune to terrorist attacks" and that "no security safeguard is adequate against a determined attack by terrorist groups." He cited the recent attacks against U.S. bases in West Germany and the U.S. Marine headquarters in Lebanon. "The U.S. military facilities in the Philippines, while similarly vulnerable, have the advantage of being situated in a territory where the population is predominantly friendly towards the American people," he said. Castro called for stronger "military alliance" between the countries, which comes from "mutual respect for each other's sovereignty and mutual assistance."

RAMOS ON NEW COMBAT BATTALIONS, INSURGENCY

HK280431 Manila METRO MANILA TIMES in English 26 Oct 85 pp 1, 5

[By Arnold Atadero]

[Text] Lt. General Fidel V. Ramos, acting AFP [Armed Forces of the Philippines] chief of staff, disclosed yesterday that five additional combat battalions had been organized and were in the process of being activated to support the combat force of 72 maneuver battalions deployed throughout the country against insurgency.

Ramos made the disclosure during a two-hour press conference at Camp Aguinaldo with local and foreign journalists which coincided with the completion of Ramos's first year as acting AFP chief of staff. He told media people the AFP enjoyed a preponderance of forces with a ratio of about nine to one over the New People's Army (NPA) in strength reckoned on the readiness to deploy troops for combat.

The general said as important as combat strength was the employment of more AFP support units in the engineering, medical-dental, livelihood and information services to enhance civil-military relations. According to him, about 11,200 military personnel have been reassigned from clerical work to field service since 1973.

He added that intensified AFP operations resulted in a 50 per cent increase in government-initiated encounters and high casualties suffered by the NPA. In 1984, national average of 11 violent incidents took place each day, resulting in an average of three government troopers, three rebels and four civilians killed. In 1985, AFP records showed that a national average of 14 incidents took place each day, resulting in four government troopers, seven NPA rebels and four civilians killed.

Latest intelligence reports said there were about 12,500 armed NPA regulars fighting government forces. In his assessment, Ramos said the Communist Party of the Philippines [CPP]-NPA continued to expand its influence beyond the 1,885 barangays it has penetrated and politicized. He said the CPP-NPA had also intensified its infiltration of the labor, youth, peasants, students, the urban poor, religious and professional sectors.

He told the press that the heightened operational action of the AFP against the various groups threatening security and the initiatives it had taken to improve the capability of each unit and the quality of each man had gained momentum. The general said the unfavorable trend today in the insurgency situation was slowly being reversed in favor of the government. The beneficial effects of the ongoing program for national recovery and the AFP internal reform are reaching an increasing number of citizens. This has in turn led to a higher level of awareness among Filipinos of the communist danger.

TIMES JOURNAL ON RAMOS' INSURGENCY FORECAST

ME280843 Manila TIMES JOURNAL in English 27 Oct 85 p 6

[Editorial: "Next Year Should Be Better--General"]

[Text] The statement of Lt Gen Fidel V. Ramos, acting armed forces chief of staff, that the "unfavorable trends" in the fight against the communist and secessionist insurgents are being reversed, albeit slowly, in favor of the government, is most reassuring. The general, at a press conference marking his first year as acting of staff, said that as a result of the development, the government has taken a firmer hold of the situation. But lest people again become complacent, as seems to be the case every time we are given such assurances, the general hastened to add that there was need to sustain all counter-insurgency efforts if we must see an end to the problem with the government emerging as winner.

General Ramos mentioned several measures needed to sustain the drive against the dissidents, including one that can only be taken as a warning to our lawmakers not to tamper with the military's budget allocations. He also mentioned effective leadership in all levels of the military and greater unity in the political, economic and social aspects of national life.

The points raised by the general are all well taken. But there are issues that he and other leaders of the military and, indeed, the national leadership, should consider. One persistent argument has been the misuse of such allocations, that not all the funds earmarked for the armed forces are wisely spent. Developments seem to support this contention, notwithstanding a recent public statement by a ranking military officer that our armed forces officials are just about the poorest in the world, with many of them getting salaries that cannot even buy them a seconhand car or a decent house.

On General Ramos' second point, there is no doubt that since he assumed his post, he has shown by example the kind of leadership the military needs to win the people's support in the fight against every kind of threat to the country's stability. He has, for one, undertaken frequent trips to frontline areas where some of his sedentary officers wouldn't dare visit, to boost the morale of our fighting men and, in the process, arrest the breakdown of discipline in the military that had led to violations of human rights.

But his success in this and other "problem areas" in the military appears to have been limited. There are still a considerable number of our men in uniform who cannot seem to understand the urgency of changing the military's monster image in order for it to win the support of the people in the fight against insurgency. Clearly, the outcome of the general's campaign to reform the military will determine the success -- or failure -- of the government's effort to win the hearts and minds of the people -- and the fight against the unsurgents. In all, it has been a good year for the general and the government as far as the fight against the rebels is concerned. Let's hope the next will be better.

FORMER SEN PELAEZ COMMENTS ON U.S. BASES ISSUE

HK280604 Manila METRO MANILA TIMES in English 26 Oct 85 p 5

[By Daniel Llanto]

[Text] Sobriety and pragmatism should guide the discussions on whether to let the U.S. military bases here go or not, with the national interest and security as the utmost considerations. This was the exhortation made in a recent colloquim on the bases issue by former Senator Emmanuel Pelaez, who also deplored the fact that many make so much of the compensation or rental derived from the RP-U.S. [Republic of the Philippines] military bases agreement. Such a mercenary attitude, he lamented, compromises the country's sovereignty and dignity before the eyes of the world.

Pelaez, one of a handful of officials involved in the bases negotiations from 1956 to 1979, said the primary questions that should be asked are: Will the continued presence of the U.S. bases here enhance Philippine security? Could we absorb the adverse economic impact of their sudden pullout? Noting that the current bases agreement still needs to be modified with an eye to keeping the country's territorial integrity inviolated, Pelaez suggested that future negotiations should be participated in by a cross-section of Philippine society. He observed that it was mostly military brass that took part in the bases talks.

The bases issue calls for nothing less than sober, multi-sectoral discussions, Pelaez said. "We must draw deeply from the collective wisdom of our people if we are to come up with a popular decision." For this purpose, the former foreign affairs secretary asked the Batasang Pambansa to appropriate funds to underwrite studies that might be initiated by private organizations. He suggested the setting up of strategic study centers, where everyone with ideas to contribute can freely and exhaustively discuss the issue and weigh the pros and cons.

Sometime before the termination of the bases agreement in 1991, Pelaez said, it will be necessary to hold a plebiscite on whether the people want the bases or not. He pointed out that it is immoral for the national leadership to go on making decisions on this thorny issue without consulting the people.

COLUMNIST VIEWS BASES TREATY ABROGATION ISSUE

HK280527 Manila BULLETIN TODAY in English 26 Oct 85 p 6

[Column by Melchor P. Aquino: "Pursue Avowed Goals"]

[Text] Two distinguished authorities, former Foreign Secretary Felixberto Serrano and former Ambassador Eduardo Romualdez, have now joined former Foreign Secretary Arturo M. Tolentino in arguing that the legislature cannot undertake to abrogate the Philippine-American bases agreement. All three gentlemen hold to the view that the accord, being an executive agreement, cannot be abrogated by an act of parliament.

There indubitably is merit in such argument, and it is of the utmost importance that it is not ignored, forgotten, or glossed over in the review of the whole range of Philippine-American affairs. We are afraid, however, that too much reliance on legalisms and technicalities may jeopardize the avowed goals of the review.

As clearly defined by Defense Minister Juan Ponce Enrile, who introduced the resolution that led to the review, the purpose of the whole exercise is to strip the agreements on bilateral security arrangements of the ambiguities that have occasioned disagreements, irritants, and misconceptions in the relations between the Philippines and the United States. For instance, there should be a precise determination of the amount and the category of the compensation due the Philippines from America's use of Philippine bases. It scarcely makes for Philippine-American friendship and understanding for Filipino legislators to speak of rent for the bases, while U.S. legislators talk of "economic aid" in consideration of the use of the bases.

Another logical goal of the review is to update the framework of the scheme of economic cooperation between the Philippines and the United States. It cannot be denied, here or in the United States, that even the underlying philosophy of Philippine-American economic relations needs to be modernized. The antiquated apparatus of bilateral trade cries for overhauling, if not replacement.

It would seem that it is incumbent upon the reviewing legislative committees to press their joint mission with an eye single to the achievement of these and related goals. If the findings of the reviewing committees warrant changes in, say, the bases agreement, proper measures for the amendment of the accord may very well be urged on the president. Under the presidential-parliamentary system (such as we are supposed to have), there is no danger whatever of impinging on the powers of the presidency in making that recommendation.

The prevailing consensus is that it is in the mutual interest of the Philippines and the United States for the latter to have continued use of the bases. The reviewing committees ought to determine how such mutual interest can be enhanced.

With the Soviet Union relentlessly engaged in political and naval expansion in the Asia-Pacific region, and with several American strategists and planners looking for possible alternatives to Clark Air Base and Subic Naval Base, scrupulous care should be taken to obviate any mistaken impression that the Philippine Government intends to dismantle such bases.

If there appears to be a desire on the part of the Philippine government to dispense with U.S. military presence, the chances, as shown by objective evidence, are that the United States would withdraw from the bases. Ambassador Kirkpatrick, one of the close associates of President Reagan in the field of foreign relations, indicated, in a speech before a businessmen's club in Makati, that the United States would promptly go if asked to leave.

Some, pointing to continued U.S. occupation of Guantanamo naval base in Cuba, predict that the United States would never abandon its military positions in the Philippines. When the Thais asked the United States to withdraw militarily from Thailand, it lost no time in dismantling its sophisticated and costly military apparatus in that country. Washington is not pressing New Zealand for the reversal of the latter's policy banning port calls in New Zealand by nuclear-equipped U.S. Vessels. It is dangerous beyond words to play Russian roulette with the bases issue. The reviewing legislative committees should bear in mind at all times that, in the event Philippine interests collide with those of the United States, ours should prevail.

METRO MANILA TIMES WELCOMES NEW LAW ON RALLIES

HK280407 Manila METRO MANILA TIMES in English 26 Oct 85 p 8

[Editorial: "A Bit More Steel"]

[Text] The government may react more strongly to any violent demonstrations in public places, or perhaps more likely to individuals or groups of demonstrators who deliberately incite participants to violence, or themselves set the example by attacking law enforcers on the scene. This is what happened in the recent rally made up of farmers and students when one person was killed during a clash between police and belligerent rallyists who attacked a police officer and damaged a police car with sticks and stones.

With no guidelines for such policy action available as yet, we may infer that the police while adhering to the policy of maximum tolerance during rallies, will be quick to respond to the first sign of violence coming from rallyists. They will not only to quell the violence, but also arrest those who instigated it and participated in it, and file charges in court against them. In the past, it was enough for the law enforcers to stop a riot or other forms of violence, disperse the crowd and detain for a little while those arrested. This time, we imagine, the charges will be made to stick through court action.

This official stance in dealing with violence in public demonstrations should go a long way in rationalizing such mass actions, to head off especially any plans by extremists and subversives to turn a peaceful demonstration into a melee, with this resultant casualties. This sterner posture toward violence in such exercises should encourage demonstrators to police their own ranks. Most important of all, it will weed out from among them those who are known militants and expected to go all the way in fomenting trouble, including setting the stage for homicide.

Despite the passage by the Batasan of the law that confines public rallies to so-called Freedom Parks, and putting off limits busy streets and bridges, the law enforcers can expect to see these rules broken by militant demonstrators, especially when subversives have succeeded in infiltrating such rallies. The President therefore was well-advised in stating the position of the government vis a vis violence in public mass assemblies. That is fair warning. If demonstrations have any sense of responsibility to the larger community, these will be conducted in the most peaceful manner possible. Since the new law calls on police and other law enforcers to keep their distance from the central point of demonstrations, the peaceful rally need not be disrupted or menaced in any way by the law. It is hoped that the new tough stance of the government will persuade some leaders of rallies who write violence into the script because violence gets bigger headlines, and almost always puts government in the wrong when law enforcers fight back, to bury that strategy once and for all.

MARCOS APPROVES 1986 APPROPRIATIONS BILL

MEC250827 Manila METRO MANIL, TIMES in English 23 Oct 85 pp 1, 3

[Text] President Marcos yesterday signed into law the P67.4-billion appropriations bill for 1986. Passed by the Batasang Pambansa recently, the 1986 budget appropriations bill was signed at the Malacanang Ceremonial Hall in the presence of cabinet members, headed by Prime Minister Cesar Virata, members of the appropriations committee to the Batasang Pambansa, headed by Budget Minister Manuel Alba, and others. The general appropriations law, the president explained, supported the P90-billion obligation budget which, according to Alba, "is designed to put into full implementation the measures for economic stabilization and recovery." "It is a budget for economic recovery," the president pointed out.

Alba said the thrust of the budgetary program included emphasis on agricultural productivity as well as the continued lowering of the inflation rate which is now down to 12 percent from the all-time post-war high of 64 percent in October 1984. In spite of budget limitations, Alba said the government "will continue to pursue its infrastructure program which has been scaled down significantly in the last two years."

However, he admitted that implementation of some of the infrastructure projects had been deferred, citing the case of the electrification program which had been affected by the limits on the per capita investment spending by corporations. Alba said some infrastructure projects involving roads and bridges had been scaled down, including some foreign-assisted projects. He said these projects might meet some difficulties because of the required peso counterparts. The retrenchment policy has altogether banned construction of public office buildings. But servicing of the country's foreign obligations is well provided for, Alba stressed. As in the 1985 budget, the 1986 appropriations law provides for calamity funds to meet relief and rehabilitation as well as reconstruction of damaged infrastructure projects wrought by calamities, Alba said.

He explained that the 1986 spending program would continue to be austere and disciplined in keeping with the availability of resources. He said that was part of the effort to hasten economic recovery. He said the P90-billion obligation budget represented a moderate increase of 11.1 percent over the 1985 budget. Fiscal policies in 1986 call for, among other things, significant changes in key areas of economic management and the strengthening of the financial system, the Office of Budget Management (OBM) explained.

Guided by these fiscal policies, subsidies and equities to government corporations will be limited and greater corporate financial discipline will be promoted, the OBM said.

The OBM added that priority would be accorded to the maintenance of existing capital projects and the completion of ongoing ones to produce economic benefits immediately. Greater stress is placed on projects focusing on self-reliance, food production and industrial restructuring. Greater premium would also given to smaller-scale activities, potential foreign exchange earners and those with short gestation periods.

The budget will continue to be a major instrument to guide the course of development, it was pointed out. Trade and industry activities will concentrate on international trade and investment promotions, the rationalization and restructuring of key industrial sectors, the optimum regional dispersal of industries, support to the major industrial projects, assistance to cottage, small and medium scale industries, and domestic trade promotion. The social uplift of every Filipino is a commitment of utmost importance in the budget, the OBM stressed.

The major thrust in agrarian reform is on the resettlement and rehabilitation programs, land tenure improvement services, and legal assistance to displaced settlers, and the acceleration of the remaining phases of land transfer. Budgetary support will be extended to various activities aimed at a more effective management of the country's natural resources, the OBR said. To provide a peaceful environment conducive to normal business operations, peace and order will be accorded preferential attention in the budget, it was pointed out.

The obligation expenditure program for 1986, including the current operating expenditure, the capital outlay and lending account and, in some instances, debt amortization for some offices and agencies is as follows.

Office of the President, P1.4 billion; office of the prime minister, P210 million; Batasang Pambansa, P294 million; National Economic Development Authority, P286 million; Ministry of Agriculture and Food, P1.6 billion; Ministry of Agrarian Reform, P340 million; Ministry of Education, Culture and Sports, P9.16 billion; state universities and colleges, P2.4 billion; Ministry of Energy, P100 million.

Ministry of Finance, P1.1 billion; Ministry of Foreign Affairs, P702 million; Ministry of Health, P3.4 billion; Ministry of Human Settlements, P458 million; Ministry of Justice, P653 million; Ministry of Labor and Employment, P159 million; Ministry of Local Government, P283 million; Ministry of National Defense, P10.5 billion; Ministry of Natural Resources, P1.1 billion; Ministry of Public Works and Highways, P5.6 billion; Ministry of Tourism, P113 million; Ministry of Trade and Industry, P414 million; Ministry of Transportation and Communications, P1.2 billion; the Judiciary, P813 million; constitutional office, P890 million; Tanodbayan, P15 million; autonomous regions, P81 million; calamity fund, P103 million; corporate equity investments fund, P1.2 billion; and international commitments fund, P230 million.

MARCOS ORDERS FORECLOSED COCONUT MILLS SOLD

HK281255 Manila TIMES JOURNAL in English 26 Oct 85 pp 1, 3

[Text] All coconut mills foreclosed by the Philippine National Bank [PNB] will be immediately auctioned off to raise badly needed revenues for the government. President Marcos gave the order in a meeting with 21 operators of coconut mills affiliated with the Coconut Oil Refiners Association at Malacanang yesterday.

Two of these mills, Coconut Chemicals Philippines Inc. and the Coco Complex Mills located in Atimonan, Quezon, at present leased by the RNC Commercial Corp., will be the first to be sold. Two others owned by and carrying the name of the National Investment Development Corp., a PNB subsidiary, and leased by the Interco group of companies will be next. The government is trying to raise P1 billion to reduce the budgetary deficit through the sale of acquired assets.

The millers, through their spokesman Ambassador Eduardo Cojuangco, reiterated their desire to participate in coconut estate planting under the investment incentive scheme for the coconut replanting program. Under the program, participants will be given certain tax incentives to the extent of their investments in the replanting program. The President instructed the PNB to coordinate with Minister Rolando de la Cuesta, chairman of the Philippine Coconut Authority, in disposing of the idle assets. The lessees of the coconut mills taken over by the PNB said they would help in the economic recovery program.

REVIEW ORDERED FOR PROPOSED REVENUE CODE CHANGE

HK251135 Manila BUSINESS DAY in English 24 Oct 85 p 2

[Text] With the release of the \$113-million third tranche credit facility from the International Monetary Fund (IMF) still uncertain, President Marcos yesterday ordered an immediate review of a proposed amendment to the National Internal Revenue Code to make it conform with the "conditions" sought by the IMF.

The proposed amendment (which was supposed to be embodied in several presidential decrees) was contained in the revised economic recovery program submitted by the Philippines to the IMF last month. To be reviewed are the manner of increasing the revenue collections of the government and the level of the government's budget deficit.

According to the President, the government has met difficulties in reaching the projected revenue collections. Likewise, he said, the Philippines has asked the IMF to increase the "allowable" budget deficit from 1.5 percent of the gross national product to 1.9 percent of GNP or even higher. He said the government is "now trying to raise anywhere from P2.2 billion to P3 billion in additional income this year." However, Marcos emphasized the increase in tax collection will be attained without imposing additional taxes.

The President said he ordered the review of the proposed amendment after Prime Minister Cesar Virata and Central Bank Governor Jose Fernandez had reported that "while the IMF and the World Bank have agreed to the Philippine proposal under which the country would pursue its economic recovery program, there remains the difficulty of pegging down the deficit level and the deficiency in revenue."

The government earlier expected the IMF to release the third tranche of its credit facility this month. The Philippines's total standby credit with the IMF amounts to \$15 million special drawing rights (SDR) (\$635 million).

The first tranche of 80 million SDRs (\$85 million) was released on Dec. 28 last year, while the second, amounting to 106 million SDRs (\$113 million) was drawn last July 31.

To augment government funds, Marcos also asked for a study on the immediate sale of acquired assets by the government, as well as the properties and assets of government agencies which are no longer needed for the administration program. The sale of these frozen assets, the president said, will bring at least about P1 billion in additional funds for the government. Marcos said he issued these orders on the eve of a scheduled cabinet meeting to be held in Malacanang today during which he will take up the government's infrastructure program and report on what transpired during his conference with the personal envoy of President Reagan, Senator Paul Laxalt.

ECONOMIC PLANNERS EXPECT EXPORT REVENUE DECLINE

HK250941 Hong Kong AFP in English 0745 GMT 25 Oct 85

[Text] Manila, Oct 25 (AFP) -- The Philippines' export earnings may fall by as much as 11.1 per cent to 4.8 billion dollars this year, way below earlier forecasts, the Economic Planning Ministry said today.

Premier Cesar Virata earlier projected a 10 per cent increase in export receipts over the 5.4 billion dollars registered in 1984. He said this would help the economy to achieve a zero to one per cent growth, compared with a 5.4 per cent contraction last year.

But Rey Cruz, a spokesman for the Economic Planning Ministry, said the country may earn only 4.8 billion dollars this year due to the poor showing of its main products on the world market. The country's traditional products, including coconut, sugar, copper, and wood, are suffering from lowered prices, while newer products like garments and semi-conductors are plagued by depressed demand, Mr. Cruz said. He said that Economic Planning Minister Vicente Valdepenas gave the projections in an informal chat with business reports yesterday.

Mr. Cruz said Philippine exports in the first eight months of 1985 totaled 3.068 billion dollars, down 14.39 percent from last year's January-to-August figure of 3.581 billion dollars. But the reduced export level was not expected to affect the country's overall balance of trade position as imports have dropped by 16 per cent in the same period, the ministry spokesman said.

BUDGET MINISTER ON EXPENDITURE-INFLATION RELATION

RK241009 Manila BULLETIN TODAY in English 23 Oct 85 p 17

[Text] Increased government expenditures in line with the reflation program will not cause inflationary pressures because the government intends to contain inflation further to a single digit level next year, Budget Minister Manuel Alba said the other night.

Despite the coming reinfusion of liquidity to the financial system, mainly through an increase in the budget deficit ceiling, Alba said there would be no unnecessary surge in inflation since additional government spending would stimulate productivity.

The increase in the budget deficit from the previous ceiling of 1.0 percent of the country's gross national product (GNP) to about 1.4 percent of GNP for 1985 would mainly finance infrastructure projects in energy, communications and agricultural sectors, Alba said. The budget minister added that with the continuation of these projects, the construction industry, which has been in the doldrums for the last couple of years, will perk up and add to increased productivity.

With more productivity, Alba said, consumers would be assured of stable prices of goods and would no longer have to contend with rising inflation as they did last year. Alba said the increase in the budget deficit would mainly be financed from the domestic credit system since foreign funding had already been infused into financial system.

To finance a higher deficit, he said, the national government would have to raise money through bonds and securities at rates prevailing in the market. He said government would not jack up rates anew to arrest inflation, reiterating that the reflation program would not be inflationary.

Raising the budget deficit ceiling as requested to the International Monetary Fund (IMF), he said would involve the peso counterpart funding of the government in foreign-assisted projects. Alba admitted that a number of government projects experienced difficulty in raising peso counter-part funding in view of the stringent ceiling limits of the budget deficit.

The government still hopes to cut down the deficit in peso terms to less than P16 billion last August. The original target was only about P6.2 billion, which had become unattainable because revenue projections were way off targets.

Meanwhile, the International Monetary Fund may grant the Philippines a budget deficit ceiling higher than 1.5 percent of GNP to enable the government to pump prime the economy.

In an interview, Prime Minister Cesar Virata told PNA (PHILIPPINE NEWS AGENCY) that the IMF has approved in principle the government's request for a higher budget deficit limit. He did not disclose, however, how much increase in the ceiling the IMF is amenable to. "It could be higher than 1.5 percent," Virata said.

NEW FIRMS' INVESTMENT REACHES P1.6 BILLION

ME240833 Manila TIMES JOURNAL in English 23 Oct 85 p 8

[By Corrie Salientes]

[Text] Initial paid-up capital investment infused by newly-registered business firms in the country during the first nine months of the year rose by 78.8 percent to P1.609 billion from P900.1 million during the same period last year. Likewise, the number of firms registered during the period increased to 3,975 from 3,341 entities last year.

The Securities and Exchange Commission (SEC) said the increase in capital investments can be attributed to the entry of four large trading firms with paidup capital of P25 million each. These corporations include Oriental Winds International, Inc., Northern Negros Industries Corporation, Aggregate Trading Corporation and Produce Market Development Corporation.

Last month, alone, the SEC licensed some 355 new domestic stock corporations, 80 domestic stock partnerships, 191 domestic non-stock corporations, two foreign stock corporations, and one regional headquarter of multi-national company. Registration last month decreased by 6.8 percent or by 46 firms from the previous month's total of 675. Compared to September last year, this month's registration increased by 18.2 percent. The initial paid-up capital of these firms, despite the decline in number, increased by 97.9 percent from August's P113 million to P223.6 million and by almost three times the P77 million recorded in September last year.

Meanwhile, business expansions of existing firms have slowed down as only 62 entities decided to put in additional capital amounting to P358 million, a decline of 39.3 percent from the total of P590 million in August. The SEC said the greater portion of capital increases was channeled to agriculture, fishery, and forestry sector with P107 million representing some 30 percent of the total new investments. Specifically, Philippine Hoteliers Inc. an operator and manager of hotels, condominium and other complexes topped all investors with an additional fresh capital of P104 million. The capital expansion of some 448 firms from January to September this year reached P3.34 billion, representing about 73.2 percent from the P1.934 billion equity increase of 479 existing firm during the same period last year.

INVESTMENTS IN DOMESTIC FIRMS DROP 17 PERCENT

ME251229 Manila METRO MANILA TIMES in English 23 Oct 85 pp 11, 12

[By Ed Malaya]

[Text] The number of new domestic stock corporations and domestic partnerships that registered with the Securities and Exchange Commission (SEC) in September dropped by 10.5 per cent from the previous month's registration record, while new investments in existing and newly-registered firms dropped by 17 per cent. The Securities and Exchange Commission (SEC) reported yesterday that investments in existing and newly-registered companies in September totalled P581.6 million, down by 17.2 per cent from the P722.6 million recorded in July.

The September 1985 figure, however, represents an increase of 27 per cent from the P457.8 million recorded in the same month last year. The SEC said investments in newly-formed corporations in September went up by 97.9 per cent.

Investments in 435 new domestic stock corporations amounted to P223.6 million, up from the P113 million posted in the previous month. The upsurge in investments was brought about by the entry of four big trading companies which were capitalized at P25 million each. These four firms are Oriental Winds International, Inc., Northern Negros Industries Corporation, Aggregate Trading Corporation, and Produce Market Development Corporation.

The SEC last month approved the registration of 629 new entities consisting of 355 domestic stock corporations, 80 domestic partnerships, 191 domestic non-stock corporation, two foreign stock firms, and one regional headquarters of a multinational company. Last month's registration, however, was down by 6.8 per cent from the previous month's total of 673. But the investments put up by the 629 new entities amounting to P233.6 million was 97.9 per cent higher than the initial capital paid up by new firms in August. The new investments of the 629 firms are almost thrice the initial capital of new companies in September last year. Also in September, 10 corporations and four partnerships were dissolved. These 14 firms had a paid-up capital of P10.4 million. Moreover, two corporations decreased their paid-up capital by P27.6 million.

Last month's foreign investments in new and existing entities amounted to P142.1 million, down by 70.2 per cent from August's foreign investments level of P476.2 million. Of the new foreign capital, P3.7 million was pumped into 47 newly-registered domestic stock firms while P138.4 million was infused into the equity of eight existing domestic stock firms. Philippine Hoteliers, Inc., manager and operator of the Manila Garden Hotel, was the sole beneficiary of the foreign infusion as it absorbed the conversion of the hotel's loan from the Development Bank of the Philippines (DBP) into equity.

SEC records show that the wholesale and retail trade industry was still the favorite business area of entrepreneurs with 153 registrants out of the 191 new domestic stock entities. This industry also topped all the other registrants in the other sectors in terms of initial paid-up capital with a total of P141.5 million. The national capital region was the favorite site of new businesses: 349 newly-organized outfits were put up in this area with investments of P141.6 million. Manila was preferred by 95 new firms, where initial investments totalled P42.8 million. Next was Makati, with 92 firms contributing P49.4 million.

SEC data also show the agriculture, fishery, and forestry sector led all other industry groups in terms of additional investments in existing firms. Five entities in this sector invested a total of P107.7 million. Surigao Development Corporation, a logging firm with an additional fresh capital of P100.5 million, accounted for the heavy volume of the sector's reinvestments.

Of the new firms registered last month, six firms were engaged in wheat grains trading. These new firms are Oriental Winds International, Inc. with a capital of P25 million distributed evenly among Francisco Leonor, Marte Lascano, Virgilio Jacinto, Gerardo Bongco, and Gabriel Villareal.

Northern Negros Industries Corporation, which is also capitalized at P25 million, has Henry Salgado, Danilo Gamboa, Aurelio Lacsam, Rafael Abello, and Eduardo Villarama as incorporators; Aggregate Trading Corporation, with an initial paid-up capital of P25 million, was incorporated by Rodolfo Tinsay, Far Alba, Antonio Corral, Norman Campos, and Rizalino Mendoza; Produce Market Development Corporation, owned by Gabriel Valdes, Raymond Moreno, Eusebio Tamco, Salvador Hocampap and Dakila Castro, and Bahaghi Development Corporation, with a capital of P5 million and owned by Samuel Uy, Arthur Uy, Alexander Uy, Cornelio Moylar, and Jonathan Laurino. A trading firm in Davao was registered with a paid-up capital of P3 million.

BUSINESS DISSOLUTIONS, REDUCTIONS REPORTED

HK250859 Manila TIMES JOURNAL in English 24 Oct 85 p 8

[Text] Business dissolutions and capital decreases during the first nine months of the year amounted to P1.986 billion, representing a 534.5 per cent increase over the P313.8 million recorded during the same period last year.

Securities and Exchange Commission (SEC) records for the nine-month period this year show 126 business entities closed shop and six corporations reduced their capital. The same period last year revealed 135 corporate shutdowns and seven firms cutting capital due to deficits. Capital decreases this year were heavier despite lower number of corporate deaths because most of these firms had larger equities than the firms dissolved last year.

Meanwhile, in September, 10 corporations were dissolved, and 14 business entities, including four partnerships folded up with paid-up capital of P10.4 million, while two corporations reduced their paid-up capital by P27.6 million, putting overall total capital decreases to P38 million. However, the amount of capital decreases last month was 96 per cent higher than the P3.7 million registered in September last year.

Meanwhile, foreign investments during the first nine months of the year registered a hefty 230 per cent jump over last year's figures, from P433.2 million to P1.43 billion. Of the amount, a total of P41.7 million was infused to new domestic ventures during the period while P1.39 billion was channelled to existing companies registered with the SEC. Last month alone, foreign investments in new and existing domestic stock entities reached P142.1 million representing a 70.2 per cent decrease from last month's P476.2 million.

MONETARY AUTHORITIES MOVE TO BOOST LIQUIDITY

HK250803 Quezon City ANC PARAYAGANG MALAYA in English 21 Oct 85 p 7

[Text] Monetary authorities, after almost one year of putting a tight lid on credit in a bid to contain inflation, are now frantically trying to loosen it up to spur domestic economic activity which has been in the doldrums. Noting the decline in business activity, the weakening of market demand and dwindling production as a result of the clampdown on credit, monetary authorities have implemented a series of measures designed to reinfuse liquidity into the financial system.

First, to bring down interest rates, monetary authorities have gradually reduced the yields offered by government securities such as the "Jumbo bills" and treasury bills. From a high of more than 40 per cent in late 1984, rates on these bills have gone down below 20 percent. In response to the lowering of the rates on these securities, banks reduced rates on savings and time deposits and the rates they charge on loans to borrowers.

Second, monetary authorities have reduced the reserve requirement on deposit liabilities of banks from 24 percent to 23 percent. The reduction in the reserve requirement (the percentage of total deposits the banks must deposit with the CB [Central Bank]) will have the effect of increasing the level of banks loanable funds.

Third, the Central Bank has reopened its rediscounting window to certain industries, such as the coconut industry, to enable firms to avail of cheaper source of funds to finance their projects.

Fourth, monetary authorities have asked the International Monetary Fund to relax the ceiling on the government budget deficit from 0.9 percent of the Gross National Product to a higher percentage. An increased deficit would enable the government to pump prime the economy through increased spending.

Fifth, the Central Bank has decided to redeem even before their maturities U.S. dollar-denominated certificates of indebtedness which it sold to local firms to enable them to settle their arrears on suppliers' credit and service payments. This move would have the effect to injecting more pesos into the system.

All these measures are geared towards reflating the economy whose growth has been stunted by the very austerity measures the government adopted to contain inflation. These measures, among others, include the sale of high yielding government securities, the closure of the rediscounting window, the increase in the reserve requirements and a limit to government spending. All these measures were intended by monetary authorities to control liquidity. However, the adverse impact of these stringent measures to rein in inflation literally placed the economy in a "straight jacket." But the economy had to take them if it were to break the back of inflation, authorities said.

Among the measures, the open market operations of the Central Bank on the sale of the so-called "jobo bills," was the most devastating. Designed to mop up excess liquidity, the bills attracted so much pesos out of the system due to their high yields that banks themselves were running out of pesos to lend.

ESCALANTE INVESTIGATORS CUT HEARINGS SHORT

HK290300 Manila Far East Broadcasting Company in English 2300 GMT 28 Oct 85

[Text] An uneasy situation in Escalante, Negros Occidental, prompted the Escalante fact-finding committee to cut short its hearing there and rush back to Bacolod City Sunday. This followed the reported fighting of groups of armed men in Sagay. The convoy of the members of the committee was said to be escorted by helicopter hovering overhead on its way back to Bacolod City. The uneasy situation compelled the probe body to transfer the venue of its hearing from the Escalante central elementary school to the Amity Building in the capital city. The armed men, according to sources, were sighted in an undisclosed place in Sagay, Escalante's next-door neighbor on the southwest, going towards Bacolod City. Reports said the armed men appeared to take up an ambush position along the road to be taken by the committee members on their way back to Bacolod City Sunday afternoon. Meanwhile at least eight witnesses, including four wounded victims in the Escalante incident, have so far taken the witness stand during the 3-day hearing.

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